Sil

Halifax Developments Limited

ANNUAL REPORT

31st December, 1968

President's Report to the Shareholders . . .

On behalf of the Board of Directors and all those associated with the development of Scotia Square, may I extend a sincere welcome. It is indeed pleasing to have so many investors actively supporting one of Canada's truly imaginative urban renewal projects! Every indication points to a successful completion of our development, well ahead of schedule and we trust that the involvement of our more than 1150 shareholders across Canada will be well served and rewarded during the coming years.

Nova Scotia

The year 1968 was a good one for the Province of Nova Scotia. Both capital investment and construction value increased in excess of 10% over 1967 to reach record levels. I.E.L., the Crown provincially owned development company, assisted financially ten companies to erect new and expanded plant and manufacturing facilities in the Province, and their efforts will provide an anticipated 700 new jobs for Nova Scotians by 1970.

During 1968, interest continued unabated in the Strait of Canso area where projects underway or financially committed amount to some $200,000,000. Most of the industrialization is in heavy industry, such as heavy water, oil refining, and petro chemicals, all of which utilize the deep, ice free, year round harbour.

The tourist industry enjoyed its best year ever, recovering from the effects of Expo, and welcomed for the first time over 1,000,000 tourists to the Province. Indications point toward ever larger numbers of tourists, and motel and restaurant facilities and new highways are being built to meet the challenge.

One of the major events of 1968 was the Federal Government's decision to encourage the concentration of industrial expansion in a few centres in the slower growth areas of the country. This move will serve to hasten the relocation of rural populations to urban centres and the anticipated result will be more employment, higher wages, and better standards of living.

It is reported that one of the prime beneficiaries of this Federal Government decision will be the Halifax Dartmouth Metropolitan area.

Metropolitan Halifax

During 1968, the Port of Halifax learned the exciting news that the C.N.R. would establish a $10,000,000 container pier on the waterfront. This was followed by the establishment of a joint Crown Corporation between the Province and the City of Halifax to promote the development of Halifax as a year round gateway for international trade and the leading eastern terminus for the North American land bridge.

Late last year a large and respected European consortium of container shipping merchants electrified the area by their selection of Halifax as their Canadian port of call, thus assuring Halifax's venture into containerization.

Halifax, in addition to its importance as a bulk and container port, is the seat of government for Nova Scotia and the educational and medical heart of Atlantic Canada. It annexed a large number of its suburbs at the beginning of 1969, making it the largest city in the Maritime region. When Dartmouth, its sister city across the Narrows, is included, and the immediate surrounding area, Metropolitan Halifax has a population of close to a quarter of a million.

Into this changing environment comes Scotia Square, itself concrete evidence of the new awareness now pervading the Atlantic provinces.

Scotia Square

Early in 1968 the Premier of Nova Scotia, the Hon. G. I. Smith, cut the ribbon officially opening Stage I of Scotia Square. The Trade Mart, as it is known, contains some 230,000 square feet of rentable area, 10,000 square feet of which is an Exhibition Hall. It can best be described as a combined shopping centre for wholesalers, distributors, manufacturers' agents, and a warehouse for light manufacturing and storage. At year end the Trade Mart was 92% leased, and since the new year, completely leased. During the coming year we estimate that the income from the Trade Mart will be sufficient to cover all of its financial obligations, produce a six figure cash flow and a small profit for the Company.

Construction

The major long-term debt financing and the interim money was arranged in 1968 to allow a start of construction on Stages 2 and 3, the two level shopping centre, the parkade and the first of two office buildings. Foundations were well underway by summer last year and concrete was being poured for what will become Canada's largest poured concrete commercial development. Thanks to a wonderful assist from the weatherman during the winter, Robert McAlpine Limited have made quite fantastic progress. The 500 (725 by summer) men employed on the site will complete Stage 2 by October 1st of this year and Stage 3 by December.

Our selection of the McAlpine firm as our prime contractor seems to have been a happy one, as their performance to date has been most satisfactory and most important, within the estimated budget.

In addition to the completion of Scotia Shopping Mall, the parking garage and the Duke Street Tower in 1969, early 1970 should see the first tenants in the first apartment block of 180 units. To follow in 1970 will be the second office tower (June) and the hotel (October).

The remaining four apartment buildings will be constructed in 1971 (2) and 1972 (3).

Leasing

Scotia Mall is primarily intended to be a comparative goods shopping centre specializing in fashion merchandise. Its two levels will comprise 65 to 70 stores, boutiques and kiosks. Many local and national retailing firms have been caught up in the imagination of the Scotia Mall concept, resulting in the finalization of negotiations with 45 of the nation's leading retailers as of March 31, 1969. This represents over 75% of the rentable retail space. It is interesting to note that eleven of the forty-five tenants signed to date have never before operated a retail business in the Maritimes. Some of the prominent names represented in the retail complex are: Henry Birks & Sons, Dalmy's, Reitman's, Braemar, Tip Top Tailors, Peoples Credit Jewellers, Classic Books, Bonita and Fredelle Shoes, etc.

The F. W. Woolworth Company has signed a long term lease for the senior department store. It will be one of their highly successful Woolco outlets and will comprise approximately 111,000 square feet.

The Woolco store will be complemented by a junior fashion department store and negotiations are proceeding with several outstanding merchants in this category.

The third major retail space user will be a Sobey's Food Market of about 10,000 square feet.

Our intentions are to have a number of specialty boutiques and kiosks, such as a candle shop, tie bar and shirt shop, and these will be promoted locally. Already many Haligonians have expressed interest in becoming involved in retailing of this sort, and we can see no reason why interesting specialty kiosks will not add interest and uniqueness to Scotia Mall.

The Duke Street Tower, a 14 storey, 200,000 square foot office building, leased extremely well during 1968. At present, 65% has been leased and another 17% is on firm reserve. Only one full floor remains open, and a good portion of that is under option.

One of the real features of the building will be a 4th floor Luncheon Club for the Halifax Board of Trade. This lease was negotiated during 1968 and will be a new venture for Canada's oldest Board of Trade. The Club will be similar in nature to the Boards of Trade in Montreal and Toronto, and should provide Halifax businessmen with a marvellous facility.

Late in 1968, your Company concluded negotiations with the Nova Scotia Power Commission. The Commission will become the prime tenant in the 18 storey, 180,000 square foot Barrington Street Tower, and the building will carry their name. Initially they will occupy the top three floors, with expansion into the next two floors over twenty years.

This major lease will result in the June 1970 opening of the second office building. Leasing of the balance of the space is actively underway, and is providing good flexibility in acquiring tenants whose present rental commitments prevent their relocation to the Duke Street Tower.

The 1600 car parking garage, the largest in Halifax, was leased in 1968 to Scotia Parking Limited and will be operated by Canadawide Parking Limited, a division of Avis Transport Limited.

A remarkable number of enquiries and letters of interest have been received from prospective tenants in the first residential block and this, we feel, augurs well for a successful leasing campaign, starting toward the latter half of 1969.

All in all, the leasing progress in Scotia Square during 1968 was most encouraging, and there is every reason to expect continued and increased activity as the next stages prepare to open.

In summary, the first year of your Company was one of reasonable and steady progress. Scotia Square has proceeded on target and all budget projections are being met, and in many cases, bettered. I wish to compliment Hardman, Bryson & Associates Ltd., our leasing agents and developers, on a job well done.

The economy of the Metropolitan area shows encouraging upward trends in increased employment, wages, building permits and housing starts, and the effect of containerization has yet to be felt.

The past year has been a most productive one for the entire Province, with industrialization, highways, and tourism at record levels.

I wish to take this opportunity of expressing my personal appreciation for the help and co-operation I have received from all our Directors during this difficult period of getting our Company well and truly launched.

Your Company is contributing to the rebirth and renewal of one of Canada's oldest cities, and is serving as a symbol to the rest of Canada that Atlantic Canada is "on the move".

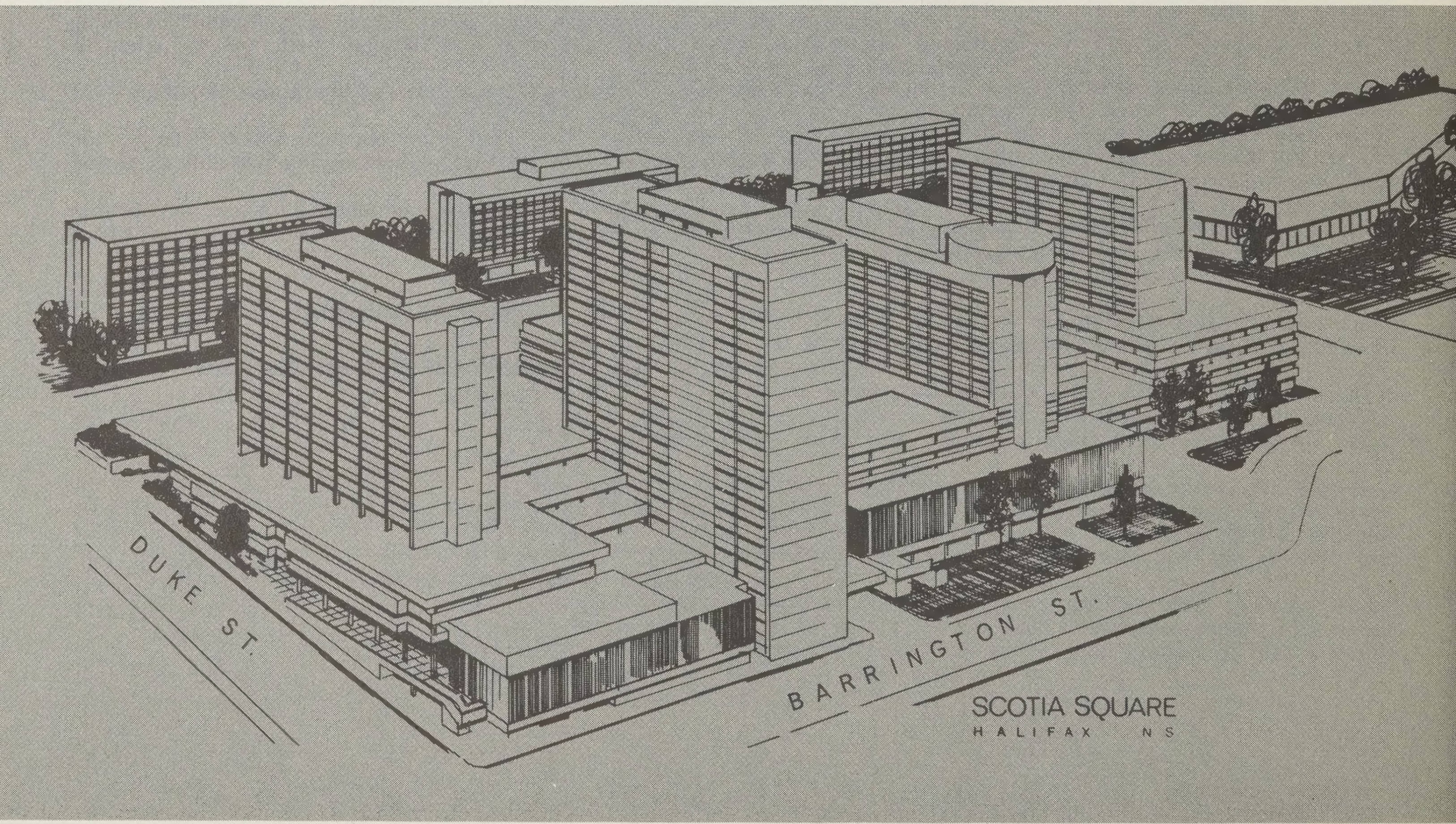
Respectfully submitted,

CHARLES E. MacCULLOCH,
President.

Scotia Square

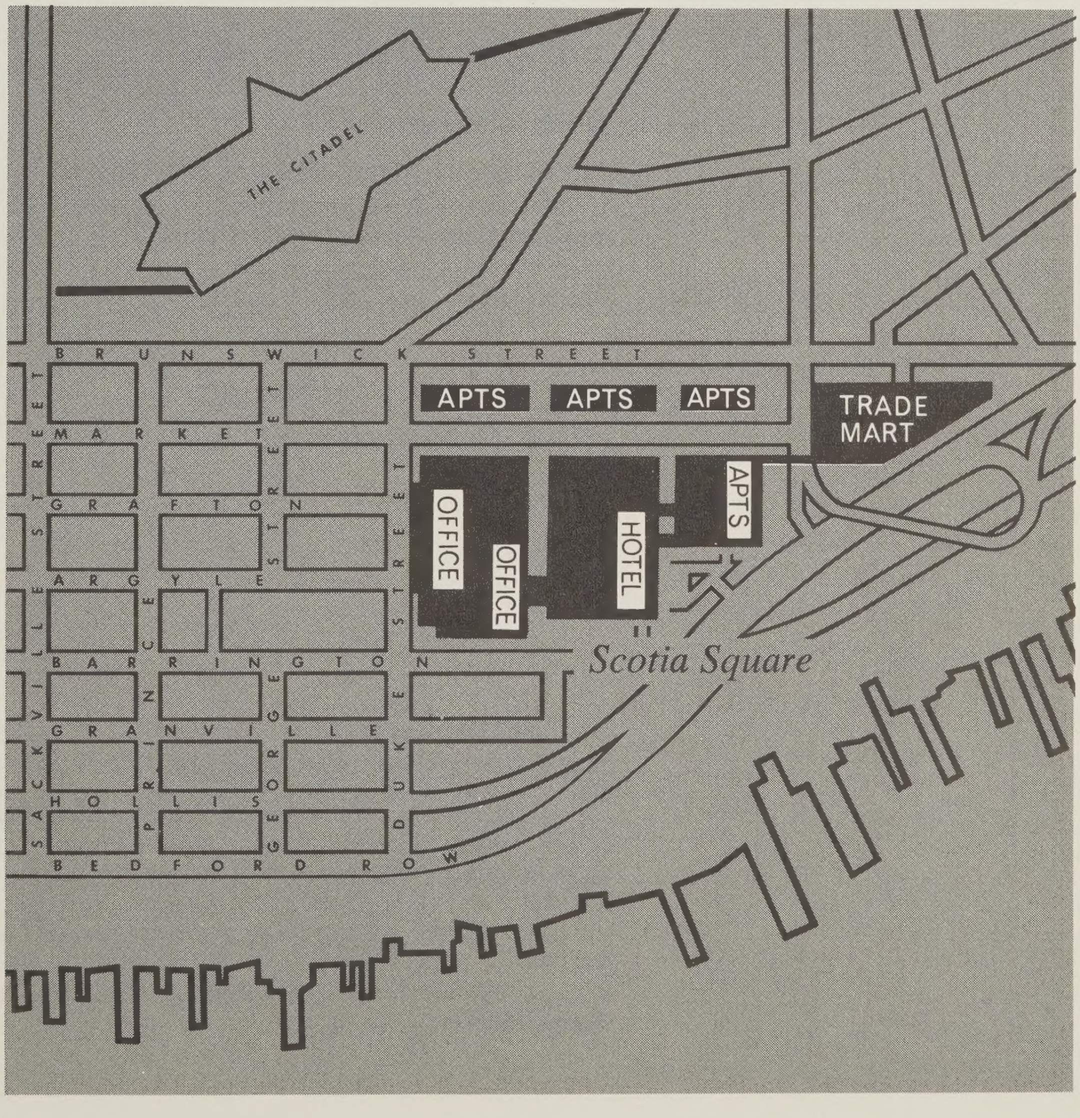
Scotia Square, now under construction on 19 acres of downtown Halifax, is one of the largest and most complex multi-land use urban redevelopments in Canada.

The artist's sketch below shows Scotia Square as it will look upon completion in 1972. The two office towers, the 280 room hotel and one of the five apartment buildings all rise from a common base which contains the 325,000



square foot two level shopping mall and the 1600 car parkade. Three of the remaining four apartments are shown at the back of the sketch and the fourth (not shown) is to the north of the Trade Mart (inset).

The site plan detailed below gives some indication of the predominant position of Scotia Square in relation to the downtown core and existing office and retail areas. Its magnitude and dominance will make it the new focus for a bustling, vital and exciting Halifax, and will assure Halifax as the leading growth and business centre in Atlantic Canada.



Balanc

December

Assets

Current assets:			
Cash		$ 39,455	
Accounts receivable		63,803	
Deposit with trustee (Note 3)		2,000,000	
Prepaid expenses		7,438	$ 2,110,696
Other assets:			
Performance deposit			150,000
Fixed assets, at cost:			
Land		$ 335,983	
Building and equipment	$3,271,012		
Less: Accumulated depreciation	56,578	3,214,434	
Properties acquired for future development		265,061	
		3,815,478	
Construction in progress (Note 1)		5,915,153	9,730,631
Deferred charges:			
Unamortized bond discount and expense		$ 657,814	
Underwriting commission and expenses in connection with issue of capital stock		171,016	828,830
			$12,820,157

Approved on behalf of the board:

John C. MacKeen, *Director*

Auditors

To the Shareholders of

Halifax Developments Limited:

We have examined the balance sheet of Halifax Developments Limited as at December 31, 1968 and the statement of revenue and expense and deficit for the eight months then ended and the statement of source and application of cash from the date of incorporation on August 19, 1965 to December 31, 1968, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

1968

		Liabilities
Current liabilities:		
Construction bank loan (U.S. $1,835,000)	$1,970,358	
Accounts payable and accrued liabilities	306,433	
Construction accounts payable (including $635,078 holdbacks)	1,577,631	
Long-term debt due within one year	62,897	$ 3,917,319
Long-term debt (Note 4)		5,915,942
Shareholders' equity:		
Capital stock (Note 5) —		
Authorized — 4,000,000 common shares without nominal or par value		
Issued — 1,875,010 shares	$3,015,010	
Deficit, per statement attached	(28,114)	2,986,896
		$12,820,157

Approved on behalf of the board:
A. Russell Harrington, *Director*

Report

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1968 and the results of its operations for the eight months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, and the statement of source and application of cash from August 19, 1965 to December 31, 1968 presents fairly the information shown therein.

HALIFAX, March 5, 1969

Price Waterhouse & Co.,
Chartered Accountants.

Statement of Revenue and Expense and Deficit
for the eight months ended December 31, 1968

Rental income		$ 268,794
Operating expenses	$ 151,205	
Less: Recovered from tenants	43,970	107,235
		161,559
Depreciation	$ 56,578	
Interest on long-term debt	129,370	
Amortization of bond discount and expense	3,725	189,673
Loss for the period, representing deficit at December 31, 1968		$ 28,114

Statement of Source and Application of Cash
from date of Incorporation of Company on
August 19, 1965 to December 31, 1968

Source of cash:			
From issue of common shares, less commission and expenses of issue			$ 2,843,994
From sale of long-term debt, less discount and expenses of issue			5,317,300
From construction bank loan			1,970,358
From operations of Trade Mart (Stage I) for eight months ended December 31, 1968, before depreciation of $56,578 and $3,725 amortization of bond discount and expense			32,189
From creditors, by way of sundry accounts payable, accrued interest, etc.			306,433
			$10,470,274
Application of cash:			
Land		$ 335,983	
Building and equipment		3,271,012	
Properties acquired for future development		265,061	
Construction in progress	$5,915,153		
Less: Unpaid construction billings and holdbacks	1,577,631	4,337,522	$ 8,209,578
Performance deposit			150,000
Deposit with trustee			2,000,000
Tenants and others, by way of accounts receivable			63,803
Prepaid expenses			7,438
			$10,430,819
Cash balance at December 31, 1968			$ 39,455

Notes to Financial Statements, December 31, 1968

Note 1 — Project Expenditures:

The company is constructing and developing a complex known as Scotia Square comprising wholesale and retail outlets, office and apartment buildings and an hotel to be located on approximately 19 acres of land in the City of Halifax. A construction programme has been prepared by the company dividing the entire project into ten stages extending over a period from October 15, 1966 to September 30, 1973. The cost of the entire project is currently estimated to be approximately $40,000,000, including land, consultants' fees, preliminary expenses and other costs and including interest on borrowed money during the preliminary and construction periods.

Construction of Stage I of the project, designated the Trade Mart, has been completed and is considered to have been placed on an operating basis from May 1, 1968. The company has adopted the policy of providing depreciation on the straight-line method at the rate of 2½% per annum in respect of this Stage of the project.

Construction has commenced on Stages II and III of the project, designated the Retail Area and Garage Area and the Duke Street Office Tower, at an estimated cost of $21,200,000, completion being presently scheduled for December 1969. The company has obtained a commitment from two lending institutions for a first mortgage loan of up to $12,000,000 to be advanced upon completion of Stages II and III and fulfilment of certain conditions. The loan will bear interest at the rate of 8% per annum plus additional interest of 3¼% of the gross annual rental which amount shall not be less than $60,000 nor more than $110,000 in any one fiscal year. Pending completion, the company has arranged for a demand construction loan of the U.S. dollar equivalent of $14,000,000 (Canadian) from a chartered bank, secured by first mortgage on Stages II and III and other security.

As the project is still largely in the development stage, comparative figures for the previous year have not been included in the financial statements.

Note 2 — Agreement with City of Halifax and a Federal Government Agency:

The company has signed an agreement dated August 31, 1966 with the City of Halifax and a Federal Government Agency under which the company will be granted individual leases, with purchase options, for periods of ninety-nine years on the lands required for each stage as construction commences on the various stages. Pursuant to this agreement, the company has leased for a term of ninety-nine years 383,800 square feet of land required for Stages II and III of the project at an annual rental of $52,095, with an option to purchase at a price of $1,035,311. An option to purchase Stage I land for $334,311 was exercised on June 20, 1968.

Note 3 — Deposit with Trustee:

Pursuant to the provisions of the Project Fund for the holders of the 8% General Mortgage Sinking Fund Bonds, Series A, the Trustee has placed the $2,000,000 comprising the Project Fund with a bank on deposit for one year from August 14, 1968 to yield interest at maturity of 7.103%. The Project Fund may be released to the Company only upon fulfilment of certain conditions regarding additional financing and rental achievement in respect of Stages I, II and III.

Note 4 — Long-Term Debt:

Authorized —

8¼% First mortgage loan repayable in level monthly instalments of $17,533 principal and interest to July 1, 1993	$2,250,000
8% General Mortgage Sinking Fund Bonds, Series A, due August 1, 1993. Sinking fund payments to commence in 1973	3,000,000
8% General Mortgage Sinking Fund Bonds, Series B, to be issued in 1969 for a net cash consideration of $940,000 and to mature December 31, 1994. To be accompanied by 100,000 fully paid and non-assessable common shares without nominal or par value, in respect of which $100,000 of the net cash consideration of $940,000 will be allocated as being the subscription price of the common shares	1,000,000
7¼% Unsecured Debentures — $1,000,000. Exchanged May 16, 1968 for 8% Convertible Subordinated Income Debentures, Series A	—
8% Convertible Subordinated Income Debentures, Series A, due August 16, 1993 — $1,000,000. Issued May 16, 1968 and converted August 31, 1968 into $600,000 principal amount of 8% Subordinated Income Debentures, Series C, and 400,000 common shares	—
8% Convertible Subordinated Income Debentures, Series B, to be issued at par for cash in 1969 and to mature August 16, 1993. To be convertible, at the holders' option, at the rate of 400 common shares for each $1,000 principal amount up to May 16, 1978 and thereafter up to August 16, 1993 at the rate of 285 common shares for each $1,000 principal amount	2,000,000
8% Subordinated Income Debentures, Series C, due August 16, 1993	600,000
	$8,850,000

Issued and Outstanding —

8¼% First mortgage loan due 1993	$2,238,225
8% General Mortgage Sinking Fund Bonds, Series A, due 1993	3,000,000
8% Subordinated Income Debentures, Series C, due 1993	600,000
	5,838,225
Mortgages on properties acquired for future development	90,614
Public Service Commission — 6% due June 1, 1970	50,000
	5,978,839
Deduct: Payments on principal due within one year, included in current liabilities	62,897
	$5,915,942

Interest on the subordinated income debentures is not payable on the due date of May 16 each year unless, among other restrictions, the earnings for the previous fiscal period are available to meet such interest. Accordingly, interest of $39,300 accrued to December 31, 1968 on the Series A and Series C Subordinated Income Debentures has not been included in the financial statements for the year ended December 31, 1968.

Note 5 — Capital Stock:

In accordance with a Special Resolution passed at a Special General Meeting of the shareholders on May 16, 1968, the authorized capital stock of the company was increased from 2,000,000 shares to 4,000,000 shares without nominal or par value. The following is a summary of the changes during the year ended December 31, 1968 in the capital stock issued:—

	Number of shares	*Per share*	*Amount*
Balance December 31, 1967	548,010		$ 548,010
Issued for cash in conjunction with sale of 7¼% Unsecured Debentures	20,400	$1.00	20,400
Issued for cash in conjunction with sale of 8% Convertible Subordinated Income Debentures, Series A	6,600	1.00	6,600
Issued for cash in conjunction with sale of 8% General Mortgage Sinking Fund Bonds, Series A	300,000	1.00	300,000
Issued upon conversion of 8% Convertible Subordinated Income Debentures, Series A, into 8% Subordinated Income Debentures, Series C, and common stock	400,000	1.00	400,000
Issued for cash in public offering through prospectus dated December 13, 1968	600,000	2.90	1,740,000
Balance December 31, 1968	1,875,010		$3,015,010

The company has granted the following options for the purchase of common shares:—

Number of shares	*Exercise price per share*	*Expiry date*
45,000	$1.00	December 31, 1972
25,000	1.00	March 31, 1973
11,250	2.50	December 31, 1972
30,000	2.90	October 28, 1973
111,250		

A further 900,000 common shares have been reserved to accompany the issue of the 8% General Mortgage Sinking Fund Bonds, Series B, and for the conversion of the 8% Convertible Subordinated Income Debentures, Series B.

Directors and Officers

John C. MacKeen	*Chairman of the Board* *Director*
Charles E. MacCulloch	*President* *Director*
A. Russell Harrington	*Vice-President Finance* *Director*
Leonard A. Kitz	*Vice-President* *Director*
Harold P. Connor	*Director*
Roy A. Jodrey	*Director*
J. H. Mowbray Jones	*Director*
Malcolm H. D. McAlpine	*Director*
Colonel Sidney C. Oland	*Director*
Frank H. Sobey	*Director*
William B. Hardman	*Secretary and General Manager*
R. F. McAlpine	*Alt. Director for* *Malcolm H. D. McAlpine and* *member of Executive Committee*

Halifax Developments Limited *Information Circular*

1. GENERAL

The common shares of Halifax Developments Limited are listed and actively traded on the Toronto Stock Exchange. To comply with the Corporations Amendment Act, 1966, and The Securities Act of Ontario and their Regulations, the Company provides the following information.

2. SOLICITATION OF PROXIES

(a). This information circular is furnished in connection with the request by the management of Halifax Developments Limited for proxies to be used at the Annual General Meeting of Shareholders of the Company to be held on Monday, the 9th day of June, 1969, at 2:30 o'clock in the afternoon at the Trade Mart, Scotia Square, Halifax, Nova Scotia, for the purposes as set forth in the accompanying Notice of Annual General Meeting.

(b). The cost of solicitation by the management will be borne by the Company.

3. OUTSTANDING SHARES

The Company has outstanding 1,930,010 common shares without nominal or par value.

4. VOTING RIGHTS

(a). Every holder of one or more common shares shall have the right to one vote for each share held by him.

(b). Shareholders may vote at all Shareholders' Meetings, either in person or by Proxy. All proxies shall be deposited at the office of the Company at least forty-eight hours before the time of the Meeting.

(c). Shares transferred to, or registered in, the name of a Shareholder and duly recorded on the Share Register of the Company on or before June 6, 1969 shall entitle the Shareholder to vote at the Annual General Meeting of Shareholders.

(d). No Shareholders owns more than 10% of any class of the Company's shares. However, Canada Permanent Trust Company holds as depository 300,000 common shares against surrender of warrants held by the holders of the 8% General Mortgage Sinking Fund Bonds of the Company.

5. VOTING BY PROXY

A Shareholder has the right to appoint another Shareholder as his attorney or to act as his proxy at the Meeting other than the persons designated in the form of proxy; except that a corporation may appoint as its proxy a person who is not a Shareholder. If the Shareholder desires to exercise this right, he shall insert in the blank space (provided for that purpose) the name of such other Shareholder. Failing such designation, one of the persons already named on the proxy form shall be deemed to have been appointed as the nominee of such Shareholder for the purposes set out in the accompanying Notice of the Annual General Meeting.

6. EXERCISE OF VOTING RIGHTS BY PROXIES

(a). Where J. C. MacKeen or C. E. MacCulloch or A. R. Harrington have been appointed to vote on behalf of another Shareholder, they will vote:

(i) For approving the Annual Report for the year 1968;

(ii) In favour of the election of H. P. Connor, A. R. Harrington, R. A. Jodrey, J. H. M. Jones, L. A. Kitz, C. E. MacCulloch, J. C. MacKeen, M. H. D. McAlpine, S. C. Oland, and F. H. Sobey as Directors, to serve for the ensuing year, all of whom are presently Directors of the Company.

(iii) In favour of the appointment of the present Auditors, Price Waterhouse & Co., as Auditors for ensuing year.

(b) The Management has no present knowledge that any business other than that referred to in the accompanying Notice of Annual General Meeting will be presented at the Meeting. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the proxies to vote the proxies in accordance with what they consider to be in the best interest of the Company.

7. ELECTION OF DIRECTORS

The following information pertains to present Directors of the Company re-offering as Directors at the Annual General Meeting of Shareholders. Directors elected at that Meeting shall be entitled to hold office until the next Annual General Meeting of Shareholders or until their successors are duly elected.

NOMINEE FOR DIRECTOR	POSITION WITH COMPANY	PRINCIPAL OCCUPATION	BECAME DIRECTOR	SHARE OWNERSHIP *
H. P. Connor	Director	Chairman of the Board of National Sea Products Limited	Sept. 8, 1965	50,001
A. R. Harrington	Vice-President Finance and Director	President and General Manager Nova Scotia Light and Power Co., Ltd.	Sept. 8, 1965	15,001
R. A. Jodrey	Director	President Minas Basin Pulp & Power Co., Ltd.	Sept. 8, 1965	101
J. H. M. Jones	Director	Retired (1967–); President (1962–1966), Bowaters Canadian Corp., Ltd.	Sept. 8, 1965	1
L. A. Kitz	Vice-President and Director	Senior Partner, Kitz, Matheson & Brown, Barristers & Solicitors	Sept. 8, 1965	85,001
C. E. MacCulloch	President and Director	President, MacCulloch & Company Limited	Sept. 8 1965	91,001
J. C. MacKeen	Chairman and Director	Chairman of the Board of Directors of Nova Scotia Light & Power Co., Ltd.	Sept. 8 1965	111
M. H. D. McAlpine	Director	President, Robert McAlpine Limited	Sept. 8 1965	21
Col. S. C. Oland	Director	Chairman of the Board of Directors Oland & Son Limited	Sept. 8 1965	6,001
F. H. Sobey	Director	Chairman of the Board of Directors Sobeys Stores Limited	Sept. 8 1965	51

* Common Shares owned as of December 31, 1968.

8. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No direct remuneration has been paid during or is payable in respect of the Company's 1968 fiscal period nor is intended to be paid during or in respect of the Company's 1969 fiscal period to directors or senior officers of the Company. The Company does not have nor does it propose to adopt a pension plan for its directors or senior officers.

9. OPTIONS HELD BY DIRECTORS AND SENIOR OFFICERS

Details of options outstanding to purchase common shares are as follows:

OPTION HOLDER	SHARES SUBJECT TO OPTION	EXERCISE PRICE PER SHARE	DATE OF GRANT	EXPIRY DATE
A. R. Harrington	25,000	$1.00	Dec. 29, 1967	March 31, 1973
Hardman, Bryson&				
& Associates Ltd., or	45,000	$1.00	June 15, 1967	Dec. 31, 1972
Bryman Enterprises Ltd.	11,250*	$2.50	Sept. 15, 1968	Dec. 31, 1972
C. E. MacCulloch	30,000	$2.90	Oct. 28, 1968	Oct. 31, 1973

* Not exercisable prior to January 1, 1972.

A number of the Directors of the Company and companies controlled by Directors and W. B. Hardman have subscribed for $2,000,000 principal amount of 8% Subordinated Income Debentures, Series B. These Debentures, when issued, are convertible at the rate of 400 common shares per $1,000 principal amount up until May 16, 1978 and thereafter and prior to August 16, 1993 at the rate of 285 common shares per $1,000 principal amount. $1,000,000 principal amount of the Debentures so subscribed for where taken up and paid for at the full principal amount thereof on February 28, 1969.

Companies controlled by Directors of the Company have subscribed for $950,000 principal amount of 8% General Mortgage Sinking Fund Bonds, Series B and 95,000 common shares for an aggregate cash consideration of $950,000.

The price range of the above optioned securities in the thirty day period preceeding the date of grant is not reasonably ascertainable except in the case of the option granted October 28, 1968 by the Company to Charles E. MacCulloch. At the time of grant of this option, the Company was negotiating the sale of 600,000 of its common shares for the price of $2.90 per share being the option price contained in the grant of option to Mr. MacCulloch.

10. INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

W. B. Hardman, an Officer of the Company, is also President of Hardman, Bryson & Associates Limited and Secretary of Bryman Enterprises Limited. By agreement between the Company and Hardman Bryson & Associates Limited the latter agrees to provide certain management services to the Company for a fee of $60,000 per year plus additions based on certain costs and plus bonuses.

Malcolm H. D. McAlpine is president of Robert McAlpine Limited and is also a Director of the Company. By agreement dated February 2, 1967 between the Company and Robert McAlpine Limited the latter agreed to act as Supervisory General Contractor of the Scotia Square Development of the Company on a fixed cost plus fee basis.

AR01

A copy of this prospectus has been filed for registration with the Registrar of Joint Stock Companies under the Companies Act of Nova Scotia.

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

New Issue

Circular No. 561A
July 30, 1968

$3,000,000

Halifax Developments Limited

8% General Mortgage Sinking Fund Bonds, Series A

(carrying a bonus of common shares)

To be dated August 1, 1968 — To mature August 1, 1993

Principal and half-yearly interest (February 1 and August 1) and premium, if any, payable in lawful money of Canada at the holder's option at any branch in Canada of the Company's Bankers. Coupon bonds registrable as to principal only in the denomination of $1,000 and fully registered bonds in denominations of $5,000 and authorized multiples thereof. Redeemable (otherwise than out of sinking fund moneys) prior to maturity at the principal amount thereof plus a premium; redeemable out of sinking fund moneys at the principal amount thereof; together in each case with accrued interest; provided, however, that the Company shall not refund the Series A Bonds prior to August 1, 1983, by the application of funds obtained through the issue of funded indebtedness at an interest cost to the Company of less than 8% per annum. The Company will covenant to provide a sinking fund for the retirement of 75% of the Series A Bonds prior to maturity. Further details relating to redemption and to the sinking fund are set out on pages 10 and 11 of this prospectus.

Reference is made to "**RISKS OF THE VENTURE**" on page 10.

Common Share Bonus

Each Series A Bond of $1,000 principal amount, will be accompanied by a warrant evidencing an entitlement to receive as a bonus 100 common shares without nominal or par value. There is at present no market for the common shares of the Company and they may, therefore, be considered as a speculative investment. A description of the common shares is set out on page 12 of this prospectus.

In the opinion of Counsel these 8% General Mortgage Sinking Fund Bonds will be investments in which companies registered under Part III of the Canadian and British Insurance Companies Act, as amended, may invest their funds without resorting to the provisions of subsection (4) of Section 63 of such Act.

Price: 100 and accrued interest

	Price to Public (1)	Underwriting Discount	Proceeds to Company (1) (2)
Per Unit	$1,000	60	940
Total	$3,000,000	180,000	2,820,000

(1) Plus accrued interest, if any, to the date of delivery.
(2) Before deduction of expenses of issue, estimated at $50,000.

We, as principals, offer these Series A Bonds (with a bonus of Common Shares) if, as and when issued by the Company and accepted by us, subject to prior sale and change in price and approval of all legal matters. It is expected that the Series A Bonds in definitive form with warrants attached will be available for delivery on or about August 14, 1968.

ROYAL SECURITIES CORPORATION
LIMITED

MONTREAL TORONTO HALIFAX SAINT JOHN QUEBEC OTTAWA HAMILTON WINNIPEG CALGARY EDMONTON VANCOUVER VICTORIA CHARLOTTETOWN MONCTON ST. JOHN'S NEW YORK LONDON

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The Company

Halifax Developments Limited (herein referred to as the "Company") was incorporated under the laws of the Province of Nova Scotia by Memorandum of Association dated August 19, 1965. By special resolution of shareholders passed, the Memorandum of Association was amended on May 16, 1968 to increase the authorized share capital to 4,000,000 common shares. The address of the head office and principal office of the Company is 2021 Brunswick Street, Halifax, Nova Scotia.

Operations of the Company

The Company was formed by a group of leading business men of the Province of Nova Scotia to engage in the investment in, development, ownership and management of real estate. Incentives offered by the City of Halifax to attract capital for the redevelopment of Scotia Square, a large area in Central Halifax, prompted this association. Scotia Square, the Company's first undertaking, has been planned as a ten-stage development of which the Trade Mart, Stage I, has been completed and is revenue producing. Stage II, providing retail, storage and parking facilities and Stage III, an office building, are under construction. The subsequent Stages are described under the heading "Proposed Future Development" found on pages 8 and 9 of this prospectus. Management envisions further commercial and residential developments particularly in the Halifax area.

Capitalization

The capitalization of the Company, including commitments for first mortgages, after giving effect to the issue and sale of securities offered by this prospectus, will be as follows:

	Rate	Authorized	Outstanding April 30, 1968	Outstanding May 17, 1968	To be Outstanding upon completion of this financing
First Mortgage (1)	7½%	$2,000,000	$2,000,000	$2,000,000	—
	8¼%	2,250,000	—	—	$2,250,000
Sundry First Mortgages	—	171,500	137,394	134,680	129,180
First Mortgage Bonds (2)	—	—	—	—	—
General Mortgage Sinking Fund Bonds (3),					
Series A	8%	3,000,000	—	—	3,000,000
Series B	8%	1,000,000	—	—	—
Subordinated Income Debentures (4)					
Series A	8%	1,000,000	—	1,000,000	1,000,000
Series B	8%	2,000,000	—	—	—
Series C	8%	600,000	—	—	—
Unsecured Debentures (5)	7¼%	1,000,000	934,000	—	—
Common Shares without nominal or par value (6)		—	568,410	575,010	875,010
		4,000,000 shs	568,410 shs	575,010 shs	875,010 shs

(1) Montreal Trust Company advanced $2,250,000 by way of first mortgage loan maturing July 1, 1993, against the security of Stage I. These funds have been used in part to pay in full amounts in respect of principal and interest due under the two mortgages shown above totalling $2,000,000 secured on the lands comprising Stage I held by a chartered bank.

(2) The Company has entered into an agreement whereby the Company is to have available to it subject to certain conditions as interim financing, the U.S. Dollar equivalent of $14,000,000 by way of a demand construction loan from a chartered bank secured by first mortgage bonds. The Company also has entered into an agreement with two institutional investors whereby the Company will have available to it subject to certain conditions, as long term financing, up to $12,000,000 secured by first mortgage bonds. The proceeds from this long term financing will provide a portion of the funds required to retire the said interim financing advanced by the chartered bank.

(3) Additional prior ranking indebtedness as well as additional General Mortgage Bonds may be created or assumed subject to conditions contained in the General Mortgage Bond Trust Deed. Series B Bonds in the principal amount of $1,000,000 have been authorized and subscribed for and will be issued on or before December 31, 1969 and the proceeds applied in the reduction of the said $14,000,000 of interim bank financing. Reference is made to paragraph (t) on page 17 hereof.

(4) Subordinated Income Debentures in three series have been authorized by the Company. Subordinated Income Debentures, Series A in the principal amount of $1,000,000 were issued on May 16, 1968. Subordinated Income Debentures, Series B in the principal amount of $2,000,000 have been authorized and subscribed for and will be issued on or before December 31, 1969. Subordinated Income Debentures, Series C, have been authorized for issue upon conversion of Subordinated Income Debentures, Series A. Reference is made to paragraph (s) on page 17 hereof.

(5) On May 16, 1968 the 7¼% Unsecured Debentures were redeemed and surrendered in exchange for $934,000 principal amount of Subordinated Income Debentures, Series A.

(6) 300,000 common shares will be issued and delivered to the trustee for the holders of the Series A Bonds to assure fulfillment of the warrants issued therewith. Upon delivery of the Series B Bonds 100,000 common shares will be issued and delivered to the holders thereof. 70,000 common shares have been reserved for issue upon the exercise of the options referred to on page 15 hereof. 1,200,000 common shares have been reserved for the conversion of the Subordinated Income Debentures. If all such shares are taken up in full there will then be issued and outstanding 2,245,010 common shares.

(7) The Company has a lease agreement with the City of Halifax and a Federal Government Agency providing leases and options to purchase the land on which Scotia Square is to be built. (See Note 2 of "Notes to Financial Statements" appearing on pages 21 and 22 of this prospectus).

Particulars of the agreements, securities and obligations referred to in notes 1, 2, 3, 4 and 6 are to be found on pages 15, 16 and 17 hereof under the heading "Material Contracts."

Projected Capitalization

The Company anticipates that upon completion of Stages I, II and III and excluding any provision for the financing of Stages IV to IX inclusive, the capitalization will be as follows:

	To Be Outstanding
First Mortgage	$ 2,250,000
First Mortgage Bonds	$12,000,000
Sundry First Mortgages	$ 100,000
General Mortgage Bonds,	
Series A	$ 3,000,000
Series B	$ 1,000,000
Subordinated Income Debentures,	
Series A	$ 1,000,000
Series B	$ 2,000,000
Series C	—
Common Shares without nominal or par value (1)	1,475,010 shs.

(1) The 1,475,010 shares comprise, 575,010 outstanding prior to the issue covered by this prospectus, 300,000 shares being the common share bonus accompanying the Series A Bonds, 100,000 shares being the common share bonus accompanying the Series B Bonds and a proposed issue of 500,000 common shares to the public. In addition, there are 1,270,000 common shares reserved for the conversion of debentures and the exercise of options.

Financing for subsequent stages will likely have been authorized and created in part prior to completion of Stages I, II and III but at the date hereof negotiations remain in a preliminary stage.

Use of Proceeds

The estimated net proceeds to be derived by the Company from the sale of $3,000,000 principal amount of Series A Bonds and accompanying 300,000 common shares offered by this prospectus is $2,820,000, before expenses of issue estimated at $50,000. These proceeds will be held in escrow as described under the heading "Project Fund" and upon release will be used in reduction of bank loans as referred to under the heading "Capital Cost and Proposed Financing of stages I, II and III" on pages 9 and 10 of this prospectus. As at July 17, 1968 bank loans amounted to $1,450,000 U.S. Funds.

Project Fund

The net proceeds of the issue and sale of the Series A Bonds and accompanying 300,000 common shares will be deposited with the Trustee and, in effect, will be released to the Company:

(a) As to $820,000 representing the net proceeds from this issue less the amount of $2,000,000 to be retained and released under paragraph (b) below, when the Company has (i) acquired title to Stage I land and buildings free and clear of all encumbrances; (ii) received not less than $2,250,000 secured by a first mortgage on Stage I and (iii) presented an appraisal satisfactory to the Trustee certifying as to the value of the Trade Mart to be not less than $3,250,000; and

(b) As to $2,000,000 when the Company has (i) acquired title to Stages II and III land and buildings; (ii) received $10,000,000 pursuant to an issue of First Mortgage Bonds to Metropolitan Life Insurance Company and Equitable Life Assurance Society of the United States of America under

an agreement dated February 5, 1968, as referred to on page 16 of this prospectus; (iii) received \$2,000,000 pursuant to the issue of Subordinated Income Debentures, Series B and \$1,000,000, less the amount of bond discount, pursuant to the issue of the \$1,000,000 principal amount of 8% General Mortgage Sinking Fund Bonds, Series B, respectively, as set forth in notes (3) and (4) to the paragraph entitled "Capitalization" on page 3 of this prospectus; and (iv) presented evidence satisfactory to the Trustee that the rental achievement respecting Stages I, II and III, as defined in the General Mortgage Bond Trust Deed, is no less than \$2,500,000.

Plan of Distribution

Under an agreement dated June 11, 1968, and as amended by letter agreement dated June 20, 1968, between the Company and Royal Securities Corporation Limited, Richardson Securities of Canada, Burns Bros. and Denton Limited and Eastern Securities Company Limited, on their own behalf as underwriters, the Company has agreed to sell and the underwriters severally have agreed to buy \$3,000,000 principal amount of Series A Bonds with accompanying 300,000 common shares offered by this prospectus for an aggregate consideration of \$2,820,000 and accrued interest on the principal amount of the Series A Bonds from August 1, 1968 to the date of delivery, payable in cash to the Trustee against delivery of the Series A Bonds in definitive form and accompanying warrants for 300,000 common shares on or about August 14, 1968 upon and subject to the terms and conditions set forth in the underwriting agreement. Warrants in bearer form evidencing the right to receive 100 common shares of the Company as presently constituted for each \$1,000 principal amount of Series A Bonds will be attached to such bonds when issued, in definitive form, on or about August 14, 1968. Warrants will be detachable one year from the date of delivery of the Series A Bonds or such earlier date as the Company by public notice may elect. Pursuant to a Deposit Agreement, the 300,000 common shares to be delivered to the Underwriters will be deposited in trust on or before the date of delivery of the Series A Bonds with the Trustee to be held for the bearers of the Warrants. Until the exchange of the Warrants representing the said 300,000 common shares for definitive share certificates as aforesaid, the bearers of the Warrants accompanying the Series A Bonds will, pursuant to such Deposit Agreement, be entitled to receive from the Depository, on request and temporary deposit of the Series A Bonds with accompanying Warrants, proxies to vote the shares held in trust at any meeting of Shareholders.

Halifax

Halifax, the capital city of Nova Scotia, is the centre of a metropolitan area having a population in excess of 198,000 and the centre of a trading area with a population of approximately 250,000. In 1966 retail sales in Metropolitan Halifax were approximately \$266,300,000, being 22% above the national per capita average and making Halifax the largest retail market in the Atlantic Provinces. Income per capita, in metropolitan Halifax, is 4% above the national average while the population growth is at the rate of approximately 15% in each decade.

The City is situated on one of the finest deep-water ports of the world and ranks third among Canadian ports in tonnage of shipments. It is the largest ice-free seaport in Eastern Canada and is the location of Canada's largest naval base. Metropolitan Halifax has five universities and is the major medical centre of the Atlantic Region.

Its secondary industries include oil refining, building and repair of steel ships, brewing, fish processing, automobile assembly, aircraft repairs, food processing, the manufacture of radar and electronic equipment, construction materials, asbestos products, confectionery and containers. It is a leading transportation centre for air, sea and rail.

The City of Dartmouth, which is part of the Metropolitan Halifax area, has a population of approximately 58,000. It lies across the harbour from the City of Halifax and the two cities are connected by the Angus L. Macdonald suspension bridge and an inter-city ferry service. A second harbour bridge is under construction to meet the growing demand for inter-city transportation.

Scotia Square

Scotia Square is a project initiated by a Federal Government Agency, the City of Halifax and Province of Nova Scotia for the purpose of redeveloping a central area of the City into modern commercial and residential buildings. The Municipality, the Province and the Federal Government Agency commenced the project by undertaking and bearing the cost of acquisition and clearing of the land necessary for the project. Scotia Square will adjoin the existing central business district and envisages a vital new urban centre for the City of Halifax to be augmented by a planned system of roads and expressways.

The Company, in May 1966, was the successful tenderer for this re-development. The nineteen acre site is bounded by Barrington Street on the east, Brunswick Street on the west, Duke Street on the south and by Procter Street on the north. Scotia Square will be linked with Harbour Drive, a new proposed limited access expressway connecting downtown Halifax with Dartmouth and other areas on the eastern side of the harbour.

The land encompassing Scotia Square is being made available to the Company for the purposes of the development under an agreement providing leases containing purchase options. Details of this agreement are set forth in paragraph (a) under the heading "Material Contracts" on page 15 hereof. It is the intention of the Company to exercise its purchase options and to acquire title to the land as the project proceeds.

The Scotia Square project consists of ten stages of construction.

Stages I, II and III

Stage I—Trade Mart

Stage I, a Trade Mart, stands on a parcel of land measuring approximately 124,000 square feet, on the northern portion of the site, east of Brunswick and north of Cogswell Streets. The Trade Mart is of reinforced concrete construction and contains approximately 230,000 square feet of rentable area with three lower floors of warehouse space, all having ground level access, and a top floor of office and showroom space surrounding a central exhibition hall. Construction of the Trade Mart has been completed and the building was opened and operating on May 1, 1968.

As of July 15, 1968 the Company had obtained firm leases with terms of five years or over from the following:

Tenant	Type of Business	Area	Term
Office			
Acadian Wholesalers Limited	wholesaler	1,386	6
Armstrong Cork Canada Limited	floor covering	456	5
J. L. Boosamra, acting under name of Boosamra Agencies	wholesale agency	576	5
Canadian National Railway Company	telecommunications	5,305	20
Cooke Sales Limited	wholesale agency	864	5
R. L. Crain Limited	business forms	1,008	5
Halifax Developments Limited	real estate	1,760	5
International Business Machines Company Limited	business machines	2,448	5
George A. Melitides	coffee shop	1,152	10
Chartered Bank	bank	1,152	20
R. G. Miles, acting under name of Miles Agencies	wholesale agency	864	5
Jack Miller Designs Limited	interior designer	1,335	5
The Miner Company Ltd.	manufacturer	1,152	5
Norman Wade Company Limited	engineering supplies	828	5
Province of Nova Scotia	education dept.	22,115	5
Seaman-Cross Limited	office furniture	5,422	10
Shell (Canada) Limited	petroleum	1,395	5

Storage

Tenant	Type of Business	Area	Term
Acadia Sign Shop Limited	sign painter	1,402	5
Acadian Wholesalers Limited	wholesaler	14,198	5
Allen Print Limited	printing	3,072	5
Allied Maintenance Services Limited	janitorial	937	5
American General Supply of Canada Limited	electronics	4,040	5
Barber-Ellis of Canada Limited	stationery	3,216	5
Canadian National Railway Company	telecommunications	2,164	20
Continental Manufacturers Ltd.	hotel supplies	8,558	10
Fairbanks Morse (Canada) Limited	heavy machinery	2,071	5
Grimsby Group Canada Limited	fishing supplies	6,382	10
Grimsby Group Canada Limited	fishing supplies	1,340	10
International Business Machines Company Limited	business machines	1,536	5
Maritime Beauty Supply Company Limited	cosmetics	1,248	5
G. Monstad Ltd.	agency	714	5
Norman Wade Company Limited	engineering supplies	1,176	5
Province of Nova Scotia	library dept.	11,342	5
Seaman-Cross Limited	office furniture	11,964	10
Wendy's Reliable Limited	cabaret	5,506	5
Total Leased		130,084	
Total Letters of Commitment		35,955	
Total Vacant		43,088	

The above leases will provide an annual rental revenue of $381,484 which includes assessments for electricity, common area and heat. Some tenants have arranged leases whereby electricity and heat assessments are determined on a different basis and such assessments have not been included in the above rental revenue.

In addition to the above, 8,213 square feet have been leased for terms of less than five years providing rental revenue, on an annual basis, of $15,014. Exhibition and display space is leased on a short term basis. There are 10,000 square feet of such space available.

Stage II—Retail and Parking: Stage III—Duke Street Office Building

Stage II, a terraced structure of four to six storeys with parking, retail and storage space will stand on the Company's largest parcel of land, measuring 388,000 square feet, bounded by Barrington Street on the east, Duke Street on the south, Market Street on the west and by the proposed extension of Cogswell Street on the north. In addition to providing rentable areas Stage II will serve as the foundation for four towers including two office towers, a hotel and an apartment building. The first of these towers, the Duke Street office building, has been designated Stage III.

The two level shopping mall will be the centre of the development. The malls will have direct access from Duke and Barrington Streets and from the apartment and office towers above. Traffic between the shopping levels will be by escalators. Elevators will connect with the office towers and parking garage. The mall will be air-conditioned and heated to provide all weather use. The decor will be in keeping with other first class enclosed mall developments in North America.

Ample parking facilities will be provided to service retail and office areas. The Trade Mart will be connected with the parking areas by an overhead corridor to be constructed above Cogswell Street. The garage will be of the open side unheated type and will provide parking for at least 1,300 cars with provision for future expansion to accommodate an additional 300 cars. The accommodation provided is intended to serve the needs of Scotia Square and also to meet a demand for parking in downtown Halifax

The Duke Street office tower, facing the Halifax City Hall, will be one of the largest commercial office towers in the Atlantic Provinces. This tower rises twelve floors above the base and will be of modern, up-to-date design.

Stages II and III are scheduled for completion respectively on October 1, 1969 and December 31, 1969.

Summary of Stages II and III

		Approximate Area
(a)	Retail shopping areas in shopping malls on two levels, including a 700/750 seat theatre, department store, junior department store, supermarket, bank and other facilities with rentable area of	312,192 sq. ft.
(b)	Storage space for office and retail tenants	48,686 " "
(c)	Garage for a minimum of 1,300 cars of	489,859 " "
(d)	Auto service area	17,973 " "
(e)	An office building on Duke Street, having rentable space of 108,760 sq. ft. plus various areas on the lower levels (adjacent to the retail areas) of 99,234 sq. ft. rentable, making a total of	207,994 " "
	Total rentable area	1,076,704 " "

As construction of Stages II and III will not be completed until 1969 no firm leases have been signed. The Company is in the process of negotiating letters of intent in respect of the following:

Space	Term (Years)	Number of Letters of Intent	Area (square feet)
Office	0–5	0	
	5–10	3	13,375
	10–20	7	48,993
	over 20	2	23,752
Retail	over 20	4	143,764
Parking and Auto Service	—	2	507,832
Total Letters of Intent			737,716
Total Reserved and Vacant			332,246

The letters of intent will provide for rental revenues amounting to $717,236 of which $300,000 is parking revenue guaranteed by certain of the directors of the Company or their associates referred to in paragraph (v) on page 18 hereof. The above rental does not include assessments for common area, heat, janitor services, air conditioning and utilities which tenants pay. Most retail tenants will pay a percentage of their sales revenue above a certain level in addition to the above basic rental. All but one tenant of those having signed letters of intent will be subject to a tax escalation clause.

Proposed Future Development

The Company has engaged in preliminary planning for the construction of Stages IV to IX inclusive at an estimated cost of $15,000,000. The development of each Stage is dependent upon required financing, which the Company proposes to obtain substantially by first mortgage loans, market potential and construction costs at the time the construction of such Stage is scheduled to commence. The commencement of construction of Stage IV is scheduled for late 1968. Stage IV is planned as a 280 room hotel with dining, banquet and convention facilities to accommodate approximately one thousand persons. An important feature of the hotel will be a rotating roof-top restaurant and lounge overlooking Halifax

Harbour. It is proposed that the superstructure of the hotel building will be ten storeys and will rise above a four storey base structure presently being provided in Stage II. It is the intention of the Company to lease the hotel to a hotel operating company.

Commencement of construction of an Apartment Building, Stage V, is scheduled for the spring of 1969. It will be located on a parcel of land measuring approximately 38,000 sq. ft. directly west of the Stages II and III development. It is expected to consist of 168 apartments of one and two bedrooms with full parking facilities available. Apartments will overlook the harbour or the Halifax Citadel.

Stage VI, the Barrington Street Office Tower, is a modern office building rising 16 storeys and containing approximately 165,000 square feet of rentable floor area. Stage VII, the Cogswell Street Tower, will be designed for apartment occupancy. Commencement of construction for Stage VI and Stage VII is respectively scheduled for 1969 and 1972. Both the Stages will rise above the base structure presently comprising Stage II.

It is proposed that Stages VIII and IX, two apartment buildings, contain a total of approximately 285 units and be located on Brunswick Street adjoining the Stage V apartment development. Construction is scheduled to commence in 1970 and 1971, as the demand for this additional facility grows. A free site, designated Stage X, lies to the north-west of Scotia Square and is suitable for either apartment dwellings or for commercial use. Its development, not yet decided, will be integrated with Scotia Square.

Capital Cost and Proposed Financing of Stages I, II and III

The actual capital costs of Stage I (including capitalization of operating results up to May 1, 1968) are $3,545,000. The costs, as estimated by the Directors of the Company, (including cost of land, preliminary expenses, costs of interim financing, consultants' fees, promotional, leasing, legal and audit expenses) for Stages II and III are $21,200,000.

The Company and Robert McAlpine Limited have entered into a construction contract dated February 2, 1967 as amended and added to by letter agreement dated July 10, 1968 for the construction of Stages II and III, being the parking, retail and storage space, the foundation for two office towers, an hotel and an apartment building and the first of such towers, the Duke Street Office Building, as described under the heading "Stage II—Retail and Parking; Stage III—Duke Street Office Building" set out on pages 7 and 8 of this prospectus. The said construction contract provides for the payment of a fixed fee to the contractor and payment of the amount of the contractor's estimated cost of construction for the various phases of the work. Under the contract, the Company is not liable to the contractor for costs incurred in excess of such contractor's estimates. It is estimated that the contractor's fixed fee will not exceed $750,000 and the amount of the contractor's estimated construction costs will not exceed $15,106,423, of which the amount of $10,726,021 has been fixed by the contractor as at the date hereof.

Interim financing for the construction of Stage I has been provided by a chartered bank against security of a first mortgage against the Stage I lands in the amount of $2,000,000. Such interim financing has been repaid, in part, out of the proceeds of the first mortgage loan in the amount of $2,250,000 made by the investing institution as referred to in Note 1 under the heading "Capitalization" on page 3 of this prospectus. The balance of such interim financing will be repaid out of part of the proceeds of the issue of the Series A Bonds offered hereby.

Interim financing for the construction of Stages II and III is to be provided by the demand construction loan from a chartered bank referred to in Notes 2 and 3 under the said heading "Capitalization", such loan being secured by first mortgage bonds of the Company. Such bonds will be repaid in part out of the proceeds from the issue of up to $12,000,000 aggregate principal amount of First Mortgage Bonds agreed to be purchased by Metropolitan Life Assurance Company and The Equitable Life Assurance Society of the United States of America as referred to in paragraph (h) under the heading "Material Contracts" on page 16 of this prospectus. The balance of the funds required to repay such interim financing will be obtained, in part, from part of the proceeds of the Series A Bonds offered hereby, namely $2,000,000, from the net proceeds of the proposed sale of $1,000,000 aggregate principal amount of Series

B Bonds (with accompanying common shares) and from the proceeds of the issue of Subordinated Income Debentures Series B, as referred to respectively in Notes 3 and 4 under the said heading "Capitalization".

The balance of the estimated total capital cost of the construction of Stages II and III (excluding land) amounting to approximately to $3,200,000 is expected to be financed from revenue from the operation of Stages I, II and III and from the proceeds of a proposed issue of common shares of the Company. The Company expects to acquire the Stage II and III land at a cost of $1,035,000 immediately prior to the retirement of the interim financing.

In the event that the cost of the construction and development of Stages II and III (not including the cost of land) exceeds $20,000,000 certain of the directors of the Company or their associates will agree to provide the funds to pay such excess. Reference is made to clause (v) under the heading "Material Contracts" on page 18 hereof.

Risks of the Venture

The Scotia Square project is a venture which is subject to certain risks and particular consideration should be given to the following matters:

1. RENTAL ACHIEVEMENT

Firm leases have been signed for a substantial portion of the rentable area of Stage I, the remainder being reserved for specific tenants or vacant. No firm leases have yet been signed pursuant to the letters of intent for Stages II and III rentable areas. There is insufficient revenue from currently existing firm leases to pay all interest. Reference should be made to "Stages I, II and III" on pages 6, 7 and 8 herefor for details of leasing progress.

2. LONG TERM FINANCING

Certain conditions, a required rental achievement in particular, must be met to obtain the long-term financing referred to under the paragraph above entitled "Capital Cost and Proposed Financing of Stages I, II and III". If these conditions are not met the interim financing cannot effectively be retired.

3. REQUIRED ADDITIONAL FUNDS

Interim financing has been arranged to the extent of $17,000,000. The Company must therefore realize $4,200,000. from the issue of common shares and revenues from completed properties during the Stages II and III construction period in order to meet the budgeted costs $21,200,000 allocated for the completion of Stages II and III. Any excess of construction and development costs (not including the cost of land) over $20,000,000 will be made available under agreement by certain of the directors of the Company or their associates.

Details of the Series A Bonds

The $3,000,000 principal amount of the Series A Bonds will be dated August 1, 1968 and will bear interest at the rate of 8% per annum from August 1, 1968 and will mature August 1, 1993. Principal and semi-annual interest (February 1 and August 1) and premium, if any, will be payable in lawful money of Canada at any branch in Canada of the Company's bankers at the holder's option.

The Series A Bonds will be available in the denomination of $1,000 in coupon form registrable as to principal only and in fully registered form in denominations of $5,000 and authorized multiples thereof.

Additional general mortgage bonds may from time to time be issued under the Trust Deed without limitation as to aggregate principal amount, but subject to the provisions of the Trust Deed.

Redemption

Redeemable (otherwise than out of sinking fund moneys) prior to maturity at the option of the Company in whole at any time or in part from time to time on not less than 30 days' notice at the principal amount thereof plus a premium of 8% if redeemed on or before August 1, 1969, the premium thereafter decreasing .40 of 1% for each 12-month period commenced or elapsed after August 1, 1969 up to and including August 1, 1988 and thereafter and prior to maturity at the principal amount thereof: redeemable out of sinking fund moneys at the principal amount; together in each case with accrued interest

to the date fixed for redemption; provided however that the Company shall not as a part of any refunding or anticipated refunding operation, redeem the Series A Bonds, in whole or in part prior to August 1, 1983 by the application, directly or indirectly, of funds obtained through the issue of funded obligations at an interest cost to the Company of less than 8% per annum.

Security

The General Mortgage Bonds will in the opinion of counsel be direct obligations of the Company and will be secured by: (a) a fixed charge on all present and future real property except three parcels of land ("Excluded Properties") in the general area of the Scotia Square Development acquired for protection purposes, (b) an assignment of all leases and rentals subject to any prior assignments, and (c) a floating charge on the undertaking and all other assets of the Company subject to prior floating charges on certain chattels, the whole subject to Permitted Mortgages, Purchase Money Mortgages and Senior Secured Indebtedness as defined and within the limitations set out in Schedule A hereto.

It is expected that upon completion of Stages I, II and III there will be outstanding prior ranking security in respect of Stages I, II and III for indebtedness aggregating approximately $14,250,000. Additional prior ranking security may be created upon compliance with the tests set forth in Schedule A hereto.

Sinking Fund

The Series A Bonds will carry a mandatory sinking fund to retire $60,000 principal amount of bonds on August 1 in each of the years 1973 to 1978 inclusive, $75,000 on August 1 in each of the years 1979 to 1984 inclusive, and $180,000 on August 1 in each of the years 1985 to 1992. Bonds purchased or called for sinking fund purposes will be cancelled.

Release of Property

The Trust Deed will contain provisions to the effect that any property which the Company may wish to sell may be released upon delivery to the Trustee of a Company certificate of an appraiser attesting that the sale price is not less than the Fair Value, and upon deposit of the excess, if any, of the sale price over the amount required to be paid to the holders of any Senior Secured Indebtedness, Permitted Mortgages or Purchase Money Mortgages (as hereinafter defined). Any funds so deposited may at the option of the Company be applied to the redemption of General Mortgage Bonds or to the acquisition of replacement assets acceptable to the Trustee and of like value.

The Trust Deed will contain provisions for the release of the Stage I land at any time after the disbursement of the Project Fund and when the Company is not in default upon payment to the Trustee of an amount equal to 25% of the aggregate principal amount of Series A Bonds and Series B Bonds then outstanding.

Tests Respecting Additional Indebtedness and Certain Covenants

It is to be particularly noted that the Company may issue additional indebtedness secured by first mortgage or other security on the property (including leases and rentals) of the Company ranking ahead of the security for the General Mortgage Bonds. Additionally, the Company may issue or assume Purchase Money Mortgages which also will rank ahead of such security. The issue of such indebtedness and Purchase Money Mortgages is restricted by tests based on appraisal value of the property comprising the security and/or costs of such property, as the case may be, available cash flow and asset coverage for the Series A Bonds. The financing as detailed in Note 2 to Capitalization Table and the Series A Bonds and the Series B Bonds are not subject to the tests. Particulars of such tests are found in Schedule A hereto entitled "Details of Tests Respecting Additional Indebtedness and Certain Covenants".

In addition, certain covenants on the part of the Company under the General Mortgage Bond Trust Deed will be intended to restrict any payments on subordinated debt, payments of dividends, and the lease of property.

Asset Coverage

According to the pro forma balance sheet of the Company, set forth on page 20 of this prospectus, the assets of the Company available for the Series A Bonds will be as follows:

Total assets		$8,146,302
Deduct—		
Unamortized discount and expenses	630,000	
Liabilities other than long-term debt	833,898	1,463,898
		6,682,404
Less—		
First mortgage loan and other long-term debt, other than Series A Bonds and subordinated income debentures		2,437,394
Assets available for Series A Bonds		4,245,010
Series A Bonds to be outstanding on completion of the present financing		$3,000,000

On the above basis, assets available for the Series A Bonds amount to approximately $1,415 for each $1,000 principal amount.

Details of Subordinated Debt

$1,000,000 principal amount of 8% Subordinated Income Debentures Series A (herein referred to as "Series A Debentures"), $2,000,000 principal amount of 8% Subordinated Income Debentures Series B (herein referred to as "Series B Debentures") and $600,000 principal amount of Subordinated Income Debentures Series C (herein referred to as "Series C Debentures") have been authorized for issue pursuant to a Deed of Trust and Mortgage described in paragraph (j) under the heading "Material Contracts" found on page 16 hereof. The Series A Debentures will have conversion rights entitling the holders thereof, in effect, either to convert each $1,000 principal amount thereof prior to September 1, 1968 into 400 common shares and $600 principal amount of Series C Debentures or to convert Series A Debentures at the rate of 400 shares per $1,000 principal amount up until May 16, 1978 and thereafter and prior to August 16, 1993 at the rate of 285 shares per $1,000 principal amount. The Series B Debentures will be convertible at the rate of 400 shares per $1,000 principal amount up until May 16, 1978 and thereafter and prior to August 16, 1993 at the rate of 285 shares per $1,000 principal amount.

The Subordinated Income Debentures will be secured by a fixed mortgage, pledge and charge and a floating charge on the property of the Company which will, in the opinion of counsel, rank after the security for the General Mortgage Bonds. Payment of interest and principal on the Subordinated Income Debentures is restricted in the manner described under the heading "Schedule A hereto". $1,000,000 principal amount of Series A Debentures were issued on May 16, 1968. $2,000,000 principal amount of Series B Debentures have been subscribed for and it is expected that they will be issued as to $1,000,000 prior to February 28, 1969 and the balance prior to December 31, 1969.

Details of the Common Shares

Authorized and Issued Capital

The authorized capital of Halifax Developments Limited consists of 4,000,000 common shares without par value, of which 300,000 common shares will accompany the Series A Bonds offered by this prospectus. The issued common shares of the Company following the completion of this financing will consist of 875,010 common shares together with any shares issued on conversion of Series A Debentures.

Voting, Liquidation and Other Rights

The common shares are entitled to dividends if, as and when declared by the board of directors, are entitled to one vote per share and are entitled upon liquidation to receive pro rata such property and assets of the Company as are distributable to holders of common shares. The common shares have no preemptive or conversion rights. The common shares offered hereby will be fully paid and non-assessable.

Dividend Policy and Restrictions

The General Mortgage Bond Trust Deed will contain restrictions on the payment of dividends on the common shares. Details of the restrictions are described in paragraph I under the heading "Details of Tests respecting Additional Indebtedness and Certain Covenants" found on page 25 hereof. The payment of dividends by the Company will ultimately be determined by the board of directors on the basis of financial requirements, earnings and other relevant factors.

Management of the Company

Directors and Officers

The names and home addresses in full of the directors and officers of the Company and the positions and offices held by each and their principal occupations during the five preceding years are as follows:

Name and Address	Office	Principal Occupation
HAROLD PALMATARY CONNOR 6503 Jubilee Road, Halifax, Nova Scotia.	Director	Vice-President, National Sea Products Limited.
WILLIAM BEATTIE HARDMAN 86 Deepwood Crescent, Rockingham, Nova Scotia.	Secretary and General Manager	President (1966–), Hardman, Bryson & Associates Limited; President (1965), W. B. Hardman & Associates Limited; Western Canada Real Estate Manager (1964), F. W. Woolworth & Company Limited; Executive Vice-President (1963), Westmount Developments Limited.
ARTHUR RUSSELL HARRINGTON 2350 Armcrescent West, Halifax, Nova Scotia.	Vice-President — Finance and Director	President and General Manager, Nova Scotia Light and Power Company, Limited.
ROY ADELBERT JODREY Hantsport, Nova Scotia.	Director	President, Minas Basin Pulp & Power Company Limited.
JOHN HUGH MOWBRAY JONES 250 Clarke Avenue, Montreal, Quebec.	Director	Retired (1967–); President (1962-1966), Bowaters Canadian Corporation Ltd.
LEONARD ARTHUR KITZ 1110 Rockcliffe Street, Halifax, Nova Scotia.	Vice-President and Director	Senior Partner, Kitz, Matheson & Brown, Barristers & Solicitors.
CHARLES EVERETT MACCULLOCH Bedford, Nova Scotia.	President and Director	President, MacCulloch & Company Limited; President MacCulloch Leaseholds Limited.
JOHN CRERAR MACKEEN Bilton Cottage, Franklyn Street, Halifax, Nova Scotia.	Chairman and Director	Chairman of the Board of Directors of Nova Scotia Light & Power Company, Limited
MALCOLM HUGH DEES MCALPINE 80 Park Lane, London, England.	Director	President, Robert McAlpine Limited.

Col. Sidney Culverwell Oland 930 Young Avenue, Halifax, Nova Scotia.	Director	Chairman of the Board of Directors, Oland & Son Limited.
Frank Hoyse Sobey Stellarton, Nova Scotia.	Director	Chairman of the Board of Directors, Sobey Stores Limited.

Remuneration of Directors and Senior Officers

No direct remuneration has been paid during or is payable in respect of the Company's 1967 fiscal year nor is intended to be paid during or in respect of the Company's 1968 fiscal year to directors or senior officers of the Company. The Company does not have nor does it propose to adopt a pension plan for its directors or senior officers. Mr. W. B. Hardman, an officer of the Company, received as President of Hardman, Bryson & Associates Limited indirect remuneration. Hardman, Bryson & Associates Limited is under contract to provide certain services to the Company as set forth by an agreement referred to on page 15 under "Material Contracts".

Principal Holders of Securities

The following are the names of every holder of equity shares owning of record, or known by the Company to own beneficially, either directly or indirectly, more than 9% of any class of the Company's shares as at May 31, 1968.

Name and Address	Class	Type of Ownership	Number Shares Owned	Percentage of Class
C. E. MacCulloch	Common	direct	64,601	11.37
J. C. MacKeen	Common	direct and beneficial	57,491	9.99
Scotia Investments Limited	Common	direct	59,890	10.53
Glencannon Corporation	Common	direct	60,000	10.56
Robert McAlpine Limited	Common	direct	59,970	10.55
Empire Company Limited	Common	direct	59,900	10.54

The directors and senior officers of the Company, as a group, owned beneficially, directly or indirectly, 243,270 (42.0%) of equity shares of the Company as at May 31, 1968 and in addition companies controlled, directly or indirectly by Directors and senior officers of the Company, own beneficially, directly or indirectly, in the aggregate, 301,160 (52.2%) equity shares of the Company as of that date.

Interests of Management and Founders in Material Transactions

W. B. Hardman, an Officer of the Company, is also President of Hardman, Bryson & Associates Limited and as such, has an interest in the material transactions. Reference is specifically made to the Agreement described in paragraph (b) under the heading "Material Contracts" on page 15 of this prospectus.

A number of the Directors of the Company and companies controlled by Directors subscribed for and were issued part of the $1,000,000 principal amount of 8% Subordinated Income Debentures Series A as referred to in paragraph (j) under the said heading "Material Contracts".

A number of the Directors of the Company and companies controlled by Directors and W. B. Hardman have subscribed for $2,000,000 principal amount of 8% Subordinated Income Debentures Series B as referred to in paragraph (s) under the said heading "Material Contracts".

Companies controlled by Directors of the Company have subscribed for $950,000 principal amount of 8% General Mortgage Bonds Series B and 95,000 Common shares as referred to in paragraph (t) under the said heading "Material Contracts".

A. Russell Harrington has an option to acquire common shares in the capital stock of the Company as described under the heading "Right to Acquire Common Shares" found on page 15 of this prospectus.

Robert McAlpine Limited has entered into an agreement with the Company described in paragraph (g) under the said heading "Material Contracts". Malcolm H. D. McAlpine, President of Robert McAlpine Limited, is also a director of the Company and as such has an interest in the material transactions.

Right to Acquire Common Shares

Details of option outstanding on the date of this prospectus to purchase common shares are as follows:

Option Holder	Shares Subject to Option	Exercise Price Per Share	Expiry Date
A. Russell Harrington	25,000	$1.00	March 31, 1973
Hardman, Bryson & Associates Limited or Bryman Enterprises Limited	45,000	$1.00	December 31, 1972

The market value of the common shares held under option on the date of grant of each option is not reasonably ascertainable. The option price was fixed at $1.00 using the same subscription price at which all common shares had theretofore been issued.

Material Contracts

The Company within the two years preceding the date hereof has entered into the following contracts in addition to contracts in the ordinary course of business:

(a) Agreement dated August 31, 1966 between the City of Halifax and a Federal Government Agency of the One Part and the Company of the Other Part providing for the leasing to and the development by the Company of approximately 19 acres of land in Halifax, Nova Scotia. By this agreement the lands encompassing the Scotia Square project will be leased to the Company for 99-year terms with the lease for specific parcels of land commencing on the date that construction commences on a specific parcel of land. Each parcel of land may be purchased, at the option of the Company, on or prior to a date which is approximately one year after completion of construction on such parcel. Following this date the purchase option price in respect to such parcel will increase 5% each year;

(b) Agreement dated June 15, 1967 between the Company and Hardman, Bryson & Associates Limited whereby the latter agrees to provide certain management services to the Company for a fee of $60,000 per year plus additions based on certain costs and plus bonuses and by which the Company grants to Hardman, Bryson & Associates Limited or Bryman Enterprises Limited options to purchase a total of 45,000 common shares in the capital stock of the Company at a price of $1.00 per share;

(c) A lease dated October 15, 1966 between the City of Halifax and a Federal Government Agency of the One Part and the Company of the Other Part by which the City of Halifax and a Federal Government Agency lease to the Company for a term of 99 years the land required for Stage I together with an option to purchase such land for a price of $334,311.

(d) Option agreement dated December 29, 1967 between the Company and A. Russell Harrington by which the Company granted to A. Russell Harrington an option exercisable at any time prior to March 31, 1973 to purchase 25,000 common shares of the Company at the price of $1.00 per share;

(e) A first mortgage dated June 20, 1968, between the Company and Montreal Trust Company in the principal amount of $2,250,000 secured on Stage I and by an assignment of Stage I leases;

(f) An agreement dated October 3, 1966, between Carl Koch & Associates, Inc. by which Carl Koch & Associates, Inc. agreed to act for the Company as design review consultants and letter agreement dated July 1, 1968 by which the agreement of October 3, 1966 terminated;

(g) An agreement dated February 2, 1967, between the Company and Robert McAlpine Limited by which Robert McAlpine Limited agreed to act as supervisory general contractor of the Scotia Square development on a fixed cost plus fee basis as amended and added to by letter agreement dated July 10, 1968.

(h) Letter Agreement dated February 5, 1968, between Metropolitan Life Insurance Company and The Equitable Life Assurance Society of the United States of America of the One Part and the Company of the Other Part providing for the sale of first mortgage bonds by the Company in the maximum principal amount of $12,000,000 secured by a first charge on Stages II and III, a floating charge on certain chattels and an assignment of Stages II and III leases. These bonds will bear interest at 8% plus 3¼% of the gross annual rental which amount shall be not less than $60,000 nor more than $110,000 in any one fiscal year.

(i) A Deed of Trust and Mortgage dated as of July 15, 1968, between the Company and Montreal Trust Company, as Trustee, providing for the issue by the Company of $12,000,000 first mortgage bonds referred to in (h) above;

(j) A Deed of Trust and Mortgage between the Company and Canada Permanent Trust Company as Trustee dated as of May 16, 1968, providing for the issue by the Company of 8% Subordinated Income Debentures, Series A in the principal sum of $1,000,000 and 8% Subordinated Income Debentures, Series B in the principal sum of $2,000,000 and 8% Subordinated Income Debentures Series C in the principal sum of $600,000 as amended by Supplemental Deed of Trust and Mortgage between the same parties dated as of June 17, 1968. These debentures are secured by a fixed charge on all of the real property of the Company and a floating charge on all other property of the Company. The security for these debentures will rank after the security on the property of the Company constituted for the General Mortgage Bonds;

(k) An agreement between the Company and Royal Securities Corporation Limited, Richardson Securities of Canada, Burns Bros. and Denton Limited and Eastern Securities Company Limited, dated June 11, 1968 respecting the sale of the common shares and the General Mortgage Bonds, Series A offered by this prospectus as amended by letter agreement dated June 20, 1968 between the same parties;

(l) A first leasehold mortgage dated May 1, 1967 in the principal amount of $1,500,000 between the Company as mortgagor and a chartered bank, as mortgagee, secured on Stage I as confirmed by a mortgage dated August 2, 1967 between the same parties. This mortgage was discharged in full and released on June 27, 1968;

(m) A first leasehold mortgage dated March 18, 1968 in the principal amount of $500,000 between the Company, as mortgagor and a chartered bank, as mortgagee, secured on Stage I. This mortgage was discharged in full and released on June 27, 1968;

(n) A letter agreement dated May 27, 1968 between the Company and a chartered bank providing for a demand construction loan of $14,000,000 to the Company to be secured by a pledge of first mortgage bonds and other security as amended by letter agreements dated June 5, 1968 and June 12, 1968 between the same parties;

(o) A Deed of Trust and Mortgage dated as of July 2, 1968 between the Company and Canada Permanent Trust Company providing for the issue of first mortgage bonds limited in aggregate principal amount to $14,500,000 in lawful money of the United States of America to be pledged as in (n) above and secured by a first mortgage charge on Stages II and III and a floating charge on all other property of the Company;

(p) Deed of Trust and Mortgage dated as of August 1, 1968 between the Company and Canada Permanent Trust Company providing for the issue of General Mortgage Bonds, unlimited in aggregate principal amount to be secured by a fixed mortgage on all of the real property of the Company and a floating charge on all other property of the Company;.

(q) A lease dated June 5, 1968 between The City of Halifax and a Federal Government Agency of the One Part and the Company of the Other Part by which the City of Halifax and a Federal Government

Agency leased to the Company for a term of 99 years the land required for Stages II and III together with an option to purchase such land for a price of $1,035,311;

(r) A Deed dated June 20, 1968 from the City of Halifax and a Federal Government Agency, as Grantors and the Company, as Grantee by which the Grantors conveyed to the Company for a consideration of $334,311 the land required for Stage I;

(s) Letter Agreements by which the Company agrees to sell and subscribers agree to buy in the aggregate $2,000,000 principal amount of 8% Convertible Subordinated Income Debentures, Series B for an aggregate cash consideration of $2,000,000. The dates of the Letter Agreements, the names of the subscribers and the principal amount of Series B Debentures that each has subscribed for is as follows:

Date	Subscriber	Amount Subscribed For
June 28, 1968	Bryman Enterprises Limited	$ 100,000
June 28, 1968	Leonard A. Kitz	50,000
June 28, 1968	Robert McAlpine Limited	300,000
June 28, 1968	Bilton Investments Limited	100,000
June 28, 1968	Harold P. Connor	50,000
June 28, 1968	Oland & Son Limited	200,000
June 28, 1968	Empire Company Limited	300,000
June 28, 1968	Scotia Investments Limited	500,000
June 28, 1968	Charles E. MacCulloch	300,000
June 28, 1968	Glencannon Corporation	100,000
		$2,000,000

(t) Letter Agreements by which the Company agrees to sell and subscribers agree to buy in the aggregate $1,000,000 principal amount of 8% General Mortgage Sinking Fund Bonds, Series B and 100,000 common shares of the Company for an aggregate cash consideration of $950,000. The dates of the Letter Agreements, the names of the subscribers and the percentage of the $1,000,000 principal amount of Series B Bonds and 100,000 common shares that each has subscribed for is as follows:

Date	Subscriber	% Subscribed For
June 17, 1968	Empire Company Limited	20%
June 17, 1968	Bilton Investments Limited	20%
June 25, 1968	David Hennigar	5%
June 25, 1968	Hants Investments Limited	20%
June 25, 1968	Scotia Investments Limited	35%
		100%

The Company has agreed to pay Royal Securities Corporation Limited a fee of $10,000 in connection with this issue at the time of issue;

(u) An Agreement dated July, 1967 between the Company and the Public Service Commission of Halifax by which the Public Service Commission agrees to install a water main and the Company pays $50,000 with and guarantees to the Commission an annual revenue of 10% of the capital cost of the main.

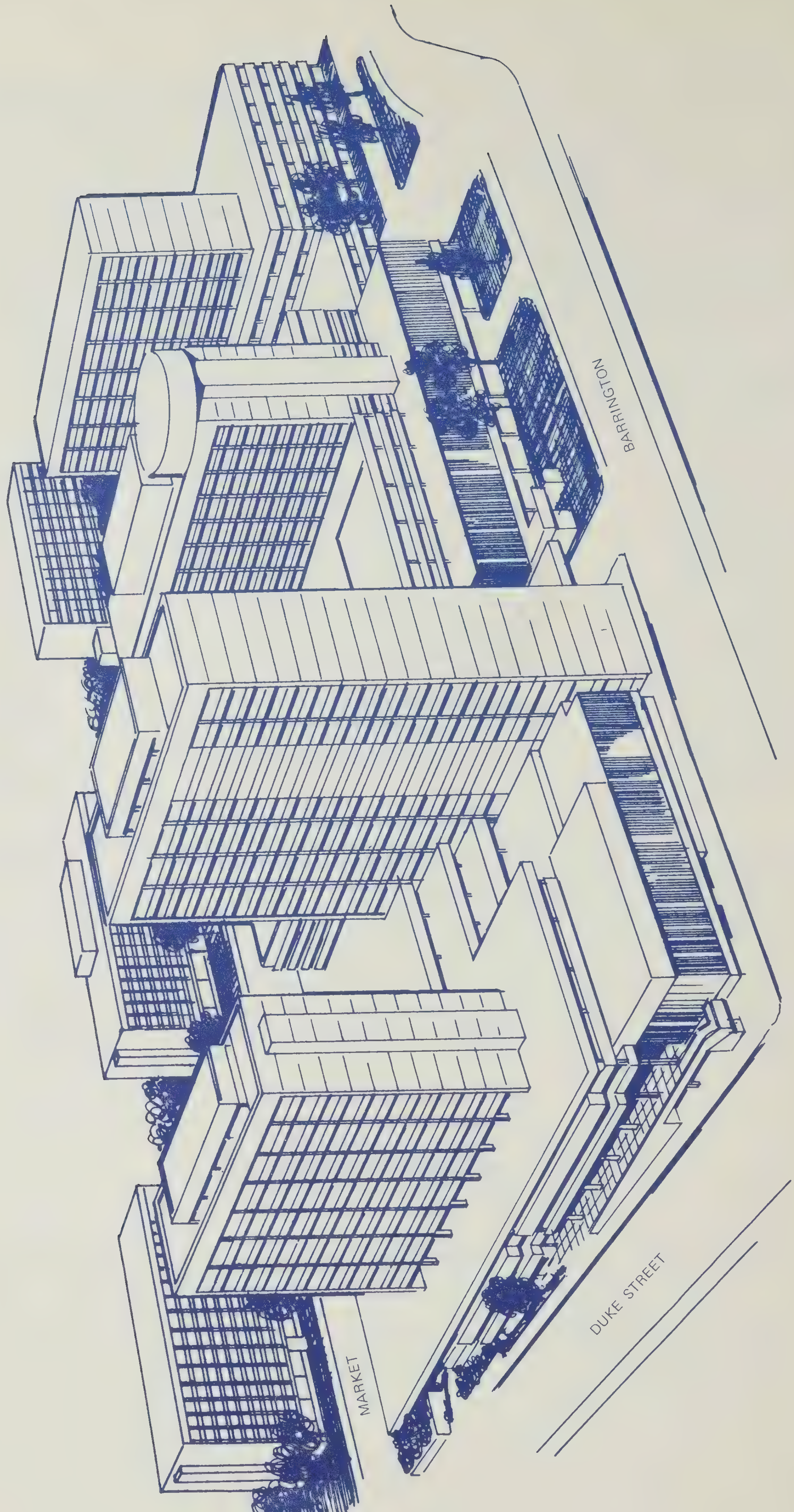
(v) Agreements to be dated August 1968 whereby the directors or their associates will agree to provide the funds over $20,000,000 necessary to complete construction and development of Stages II and III and agreements dated August 1968 whereby certain of the Directors of the Company or their associates will agree to guarantee the parking revenue referred to on page 8 hereof. The associates who will agree to provide the funds to complete Stages II and III as aforesaid are: Bilton Investments Limited, Oland & Son Limited, Robert McAlpine Limited, Scotia Investments Limited and Crombie Investments Limited. The associates who will agree to guarantee the parking revenues as aforesaid are Bilton Investments Limited, Oland & Son Limited, Robert McAlpine Limited, Scotia Investments Limited, Crombie Investments Limited and Glencannon Corporation.

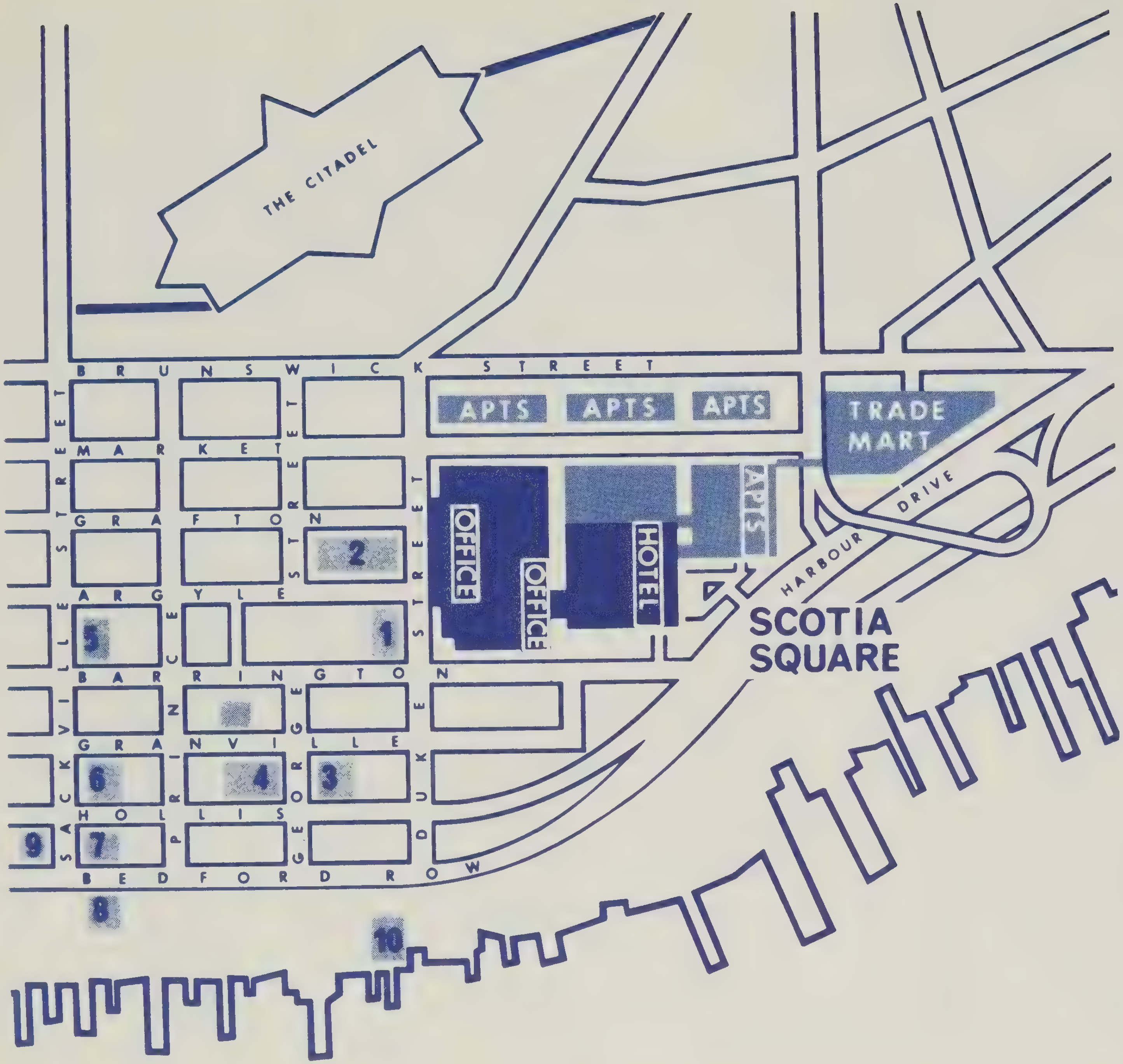
(w) Letter Agreements by which the Company agrees to sell and subscribers agree to buy in the aggregate $934,000 principal amount of 7¼% Unsecured Debentures for an aggregate cash consideration of $934,000. The dates of the Letter Agreements, the names of the subscribers and the principal amount of 7¼% Unsecured Debentures that each has subscribed for is as follows:

Date	Subscriber	Amount Subscribed for
August 1, 1967	Leonard A. Kitz	$ 100,000
August 1, 1967	Bilton Investments Limited	75,000
August 1, 1967	Carlisle Norwood	25,000
August 1, 1967	Keith Hall Investments Limited	50,000
August 1, 1967	Oland & Son Limited	50,000
August 1, 1967	Empire Company Limited	100,000
August 1, 1967	Glencannon Corporation	100,000
August 1, 1967	Robert McAlpine Limited	100,000
August 1, 1967	Scotia Investments Limited	100,000
August 1, 1967	Hants Investments Limited	134,000
August 1, 1967	C. Scott MacCulloch	100,000
		$ 934,000

(x) Letter Agreement dated May 16, 1968 whereby Charles E. MacCulloch subscribed for and the Company agreed to sell $66,000 principal amount of 8% Subordinated Income Debentures Series A.

Copies of the foregoing documents, a copy of the Deed of Trust and Mortgage securing the General Mortgage Bonds, Series A in draft form, and a copy of the agreements referred to in paragraph (v) in draft form and, upon execution thereof in final form, may be inspected during the ordinary business hours at the Head Office of the Company at 2021 Brunswick Street, Halifax, Nova Scotia, while the securities offered by this prospectus are in primary distribution to the public and for a period of thirty days thereafter.


BARRINGTON
DUKE STREET
MARKET



RETAIL

1. City Hall
2. Moirs Ltd.
3. Royal Bank Tower
4. Provincial Buildings
5. Canada Permanent
6. Centennial Building
7. Hollis Office Tower
8. One Sackville Place
9. Bank of Canada
10. Court House.

HALIFAX DEVELOPMENTS LIMITED

Balance Sheet and Pro Forma Balance Sheet as at April 30, 1968

Assets	Balance Sheet	Pro forma Balance Sheet (Note 4)
Current assets:		
Cash	$ 37,428	$ 37,428
Accounts receivable	41,070	41,070
Prepaid insurance	1,751	1,751
	80,249	80,249
Other assets:		
Performance deposit	150,000	150,000
Mortgage deposit	15,000	—
	165,000	150,000
Deposit with trustee (Note 4)	—	2,000,000
Fixed assets, at cost (Note 1):		
Land (Note 2)	—	334,311
Buildings and equipment	3,211,241	3,211,241
Properties acquired for future development	264,984	264,984
	3,476,225	3,810,536
Construction in progress	1,475,517	1,475,517
	4,951,742	5,286,053
Unamortized discount and expenses:		
8% General mortgage sinking fund bonds, Series A	—	530,000
Debentures	93,400	100,000
	93,400	630,000
	$5,290,391	$8,146,302

Liabilities and Capital Stock	Balance Sheet	Pro forma Balance Sheet (Note 4)
Current liabilities:		
Bank loans (secured $2,000,000)	$2,800,000	$ 33,311
Construction billings and holdbacks	592,478	592,478
Realty taxes and other accounts payable	81,536	81,536
Accrued interest	53,458	53,458
Rentals received in advance	18,115	18,115
Loan from director	55,000	55,000
	3,600,587	833,898
Long-term debt:		
8¼% First mortgage loan (Note 4)	—	2,250,000
8% General mortgage sinking fund bonds, Series A, due August 1, 1993 (Note 4)	—	3,000,000
7¼% Unsecured debentures (Note 4)	934,000	—
8% Subordinated Income Debentures, Series A (Note 4)	—	1,000,000
Other	187,394	187,394
	1,121,394	6,437,394
Capital stock:		
Common shares without nominal or par value (Note 3)		
Authorized—2,000,000 shares (pro forma 4,000,000 shares)		
Issued—568,410 shares (pro forma 875,010 shares)	568,410	875,010
	$5,290,391	$8,146,302

Approved on behalf of the Board:

(Signed) John C. MacKeen, Director

(Signed) Sidney C. Oland, Director

See notes to financial statements.

HALIFAX DEVELOPMENTS LIMITED

Statement of Source and Application of Cash from date of incorporation of Company on August 19, 1965 to April 30, 1968

Source of cash:		
From bank loans	$2,800,000	
Less: Cash unexpended at end of period	37,428	$2,762,572
From sale of 7¼% debentures, less discount		840,600
From other long-term debt		187,394
From issue of common shares		568,410
From other sources—		
Creditors, by way of realty taxes, accrued interest and other accounts payable	134,994	
Tenants, by rentals received in advance	18,115	
Director, by loan	55,000	208,109
		$4,567,085
Application of cash:		
Buildings and equipment		$3,211,241
Properties acquired for future development		264,984
Construction in progress		1,475,517
		4,951,742
Less:		
Unpaid construction billings and holdbacks		592,478
		4,359,264
Performance and mortgage deposits		165,000
Tenants and others, by way of accounts receivable		41,070
Prepaid insurance		1,751
		$4,567,085

See notes to financial statements.

Notes to Financial Statements

NOTE 1—PROJECT EXPENDITURES:

The company is constructing and developing a complex known as Scotia Square comprising wholesale and retail outlets, office and apartment buildings and an hotel to be located on approximately 19 acres of land in the City of Halifax. A construction programme has been prepared by the company dividing the entire project into ten stages extending over a period from October 15, 1966 to September 30, 1973. The cost of the entire project is currently estimated to be approximately $40,000,000, including land, consultants' fees, preliminary expenses and other costs and including interest on borrowed money during the preliminary and construction periods.

Construction of Stage I of the project, designated the Trade Mart, has been completed. Although occupation began in December 1967, the Trade Mart is considered to have been placed on an operating basis from May 1, 1968. For this reason, there is no statement of profit and loss for the period ended April 30, 1968. Construction has commenced on Stages II and III of the project, designated the Retail Area and Garage Area and the Duke Street Office Tower, at an estimated cost of $21,200,000, completion being presently scheduled for December 1969. The company has obtained a commitment from two lending institutions for a first mortgage loan of up to $12,000,000, to be advanced upon completion of Stages II and III and fulfilment of certain conditions. The loan will bear interest at the rate of 8% per annum plus additional interest of 3¼% of the gross annual rental which amount shall not be less than $60,000 nor more than $110,000 in any one fiscal year. Pending completion, the company has arranged for a demand construction loan of the U.S. dollar equivalent of $14,000,000 from a chartered bank, to be secured by first mortgage on Stages II and III and other security.

NOTE 2—AGREEMENT WITH CITY OF HALIFAX AND A FEDERAL GOVERNMENT AGENCY:

The company has signed an agreement dated August 31, 1966 with the City of Halifax and a Federal Government Agency under which the company will be granted individual leases for periods of ninety-nine years on the lands required for each stage as construction commences on the various stages. Pursuant to this agreement, the company leased for a term of ninety-nine years 123,997 square feet of land required for Stage I of the project at an annual rental of $16,822, with an option to purchase at a price of $334,311 (see Note 4). Rentals for land required for the remaining stages will amount to approximately $66,000 per annum, with an option to purchase for approximately $1,316,000.

Note 3—Capital Stock:

The company has granted two options as referred to on page 15 hereof to purchase a total of 70,000 shares of the company at $1.00 per share; one of the options, for 45,000 shares, expires December 31, 1972 and the other, for 25,000 shares, expires March 31, 1973.

Note 4—Pro Forma Balance Sheet:

The pro forma balance sheet gives effect as at April 30, 1968 to the following transactions and proposed transactions:

(a) The receipt on June 27, 1968 of an 8¼% first mortgage loan of $2,250,000, repayable in level monthly instalments of $17,533 principal and interest to July 1, 1993.

(b) The sale and issue of $3,000,000 8% General Mortgage Sinking Fund Bonds, Series A (Series A Bonds) due August 1, 1993 and 300,000 common shares without nominal or par value for an aggregate cash consideration of $2,820,000, of which $300,000 is the subscription price of the common shares.

(c) The deposit with the trustee for the holders of the Series A Bonds of $2,000,000 of the proceeds of sale of the Series A Bonds, subject to the conditions described under "Project Fund" on page 4 of this prospectus.

(d) The purchase of land for Stage I for $334,311.

(e) The payment of legal, accounting and other expenses of financing, amounting to $50,000, charged to unamortized discount and expense.

(f) The application of $3,020,000 of the available net proceeds from the 8¼% first mortgage loan and the issue of Series A Bonds with accompanying 300,000 common shares in reduction of bank loans.

(g) The increase in the authorized share capital of the company on May 16, 1968 from 2,000,000 common shares without nominal or par value to 4,000,000 common shares without nominal or par value.

(h) The authorization of Subordinated Income Debentures in three Series, all maturing August 16, 1993, and the issue on May 16, 1968 of Series A convertible debentures in the principal amount of $934,000 in redemption of $934,000 principal amount of 7¼% unsecured debentures. The attributes of the Subordinated Income debentures are set forth under the heading "Details of Subordinated Debt" on page 12 of this prospectus.

(i) The sale and issue on May 16, 1968 of $66,000 principal amount of 8% convertible Subordinated Income Debentures, Series A and 6,600 common shares without nominal or par value for an aggregate cash consideration of $66,000, of which $6,600 is the subscription price of the common shares.

Note 5—Other Financing Arrangements:

In addition to the financing described in Note 4, the following securities have been subscribed for but not issued:—

(a) 8% General Mortgage Sinking Fund Bonds, Series B, maturing December 31, 1994 in the aggregate principal amount of $1,000,000 and 100,000 common shares without nominal or par value have been subscribed for in June 1968, to be issued on or before December 31, 1969 for a net cash consideration of $940,000, of which $100,000 will be the subscription price of the common shares.

(b) 8% Subordinated Income Debentures, Series B, in the aggregate principal amount of $2,000,000 have been subscribed for in June, 1968, to be issued at par for cash on or before February 28, 1969 as to $1,000,000 and on or before December 31, 1969 as to $1,000,000.

Auditors' Report

To the Directors of
Halifax Developments Limited:

We have examined the balance sheet of Halifax Developments Limited as at April 30, 1968 and the statement of source and application of cash from the date of incorporation on August 19, 1965 to April 30, 1968. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the balance sheet presents fairly the financial position of the company as at April 30, 1968, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, and the statement of source and application of cash from August 19, 1965 to April 30, 1968 presents fairly the information shown therein.

We have also examined the pro forma balance sheet of Halifax Developments Limited as at April 30, 1968 and, in our opinion, it presents fairly the financial position of the company as at that date after giving effect to the transactions and proposed transactions set forth in Note 4 to the financial statements.

Halifax, Nova Scotia,
July 23, 1968.

(Signed) Price Waterhouse & Co.
Chartered Accountants.

Purchasers' Statutory Rights of Withdrawal and Rescission

The attention of purchasers in the Province of Alberta, Saskatchewan and Ontario of any of the securities covered by this prospectus which are offered in such Provinces is drawn to certain statutory provisions which permit such purchasers in certain events and subject to certain conditions

(a) to withdraw from the contract to purchase such security if written or telegraphic notice evidencing the intention of the purchaser not to be bound by such contract is received by the vendor or its agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by the purchaser or his agent; and

(b) to rescind the contract to purchase such security, while still the owner thereof, by commencing an action within 90 days from the date of such contract or the date on which the prospectus or amended prospectus is received or deemed to be received by the purchaser or his agent, whichever is later, if such prospectus and any amended prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made.

The complete text of the provisions under which the foregoing rights are conferred is contained in Sections 63 and 64 of The Securities Act, 1967 (Alberta) and in Sections 63 and 64 of The Securities Act, 1966 (Ontario) and in Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan).

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect, that where a security is offered to the public in the course of primary distribution,

(a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the past prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.

(b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act of British Columbia for the complete text of the provisions under which the rights of purchasers in British Columbia are conferred.

Auditors, Transfer Agents and Registrars

The Auditors of the Company are Messrs. Price Waterhouse & Co. Chartered Accountants, 5435 Spring Garden Road, Halifax, Nova Scotia.

Canada Permanent Trust Company at various offices, acts as registrar, transfer agent, branch registrar and co-transfer agents for various of the company's securities including the Series A Bonds and common shares. The offices of Canada Permanent Trust Company, providing particular services for the company, are located in Halifax, Montreal, Toronto, Winnipeg and Vancouver.

Legal Opinions

Legal matters in connection with the issuance of the Series A Bonds offered by this prospectus will be passed upon on our behalf by Messrs. Lafleur & Brown of Montreal, Quebec and on behalf of the Company by Messrs. Stewart, MacKeen & Covert, Halifax, Nova Scotia, on whose opinion as to certain matters our counsel may rely.

In the opinion of counsel these bonds will be: (a) investments in which the Canadian and British Insurance Companies Act, R.S.C. 1952, c. 31, states that companies registered under Part III thereof may, without availing themselves for that purpose of the provisions of sub-section (4) of Section 63 of said Act, invest their funds; and (b) investments in which the funds of a pension plan registered under the Pension Benefits Standards Act, Statutes of Canada 1966-67, c. 92, may be invested under section 11(b) thereof without resorting to the provisions of section 4 of Schedule C to the Regulations under the said Act.

Promoters

Each of the directors of the Company who are described under the heading "Management of the Company" appearing on page 13 of this prospectus, took part in the formation and organization of the Company and may accordingly be considered as the founders or promoters of the Company. None of such persons has acquired nor are they to acquire any assets from the Company nor has the Company acquired nor does it propose to acquire any assets from any such person. Such persons have heretofore subscribed for and purchased shares of the Company for consideration paid in cash.

Statutory Information

The statutory information required under the Companies Act of Nova Scotia is found in Schedule B to this prospectus.

Schedule A

Details of Tests Respecting Additional Indebtedness and Certain Covenants

1. The Company shall covenant in the Trust Deed to the effect that so long as any of the Series A Bonds or any of the Series B Bonds remains outstanding and except as hereinafter provided, the Company shall not:

A. Issue or incur any Senior Secured Indebtedness or Additional Bonds to be secured on the Developed Property and Additional Property until:

(i) The Company has deposited with the Trustee a report or reports of an Appraiser or Appraisers attesting that the Developed Property has a Fair Value of not less than $20,750,000;

(ii) the Company has deposited with the Trustee a Company Certificate supported by a certificate from the Company's Auditors attesting that the cost (to be calculated in the application of generally accepted accounting practices) of the Developed Property shall be not less than $20,750,000; and

(iii) the proceeds from the issue of Series A Bonds has been fully disbursed by the Trustee in accordance with the provisions of the Project Fund.

Upon the fulfilment of such conditions, the Company may issue or incur such Senior Secured Indebtedness or Additional Bonds to be secured on the Developed Property, but only to the extent that the principal amounts of such Senior Secured Indebtedness or Additional Bonds do not exceed 75% of either, at the option of the Company, (i) the Fair Value of the Developed Property and any Additional Property less $20,750,000, or (ii) the Fair Value of that Additional Property in respect of which such Senior Secured Indebtedness or Additional Bonds are to be issued; provided that the principal amount of such Senior Secured Indebtedness or Additional Bonds incurred or issued within two years following the completion of construction of any Additional Property shall not exceed 100% of the cost of such Additional Property to the Company calculated in the application of generally accepted accounting practises.

B. Issue or incur any Additional Bonds if after giving effect thereto the aggregate principal amount of Senior Secured Indebtedness and Bonds to be outstanding exceeds 75% of the Fair Value of the Specifically Mortgaged Premises then charged with the specific lien of the Trust Deed.

C. Issue or incur any Senior Secured Indebtedness to be secured on property forming any part of the Specifically Mortgaged Premises, other than the Developed Property and Additional Property, if after giving effect thereto the principal amount of such Senior Secured Indebtedness when added to the principal amount of all other Senior Secured Indebtedness secured on such other property exceeds 100% of the Fair Value of such other property.

D. Issue or incur any Indebtedness of any kind unless the Company's Net Tangible Assets Available for the Bonds shall be equal to at least twice the principal amount of all Bonds to be outstanding immediately after such issue or incurrence; and for the purposes of computing the Bonds to be so outstanding, there shall first be deducted from the principal amount of Bonds outstanding any cash or investments which are on deposit with the Trustee as part of the Project Fund.

E. Issue or incur any Senior Secured Indebtedness or Additional Bonds unless the Net Cash Flow for any twelve consecutive calendar months of the eighteen calendar months immediately preceding such issue or incurrence shall have been an amount equal to at least all interest and mandatory capital repayments for the twelve calendar month period immediately following such issue or incurrence on all Senior Secured Indebtedness and Bonds to be outstanding, provided that for purposes of such calculation:

(i) mandatory payments, including interest and sinking fund payments, in respect of any series of Bonds in the twelve month period immediately following such issue or incurrence shall be assumed to be not less than the greater of, the mandatory payments due on such Bonds in such period,

or that amount required to retire by annual level blended payments of interest and principal the principal amount of any such series of Bonds to be retired prior to the maturity date of such series; and

(ii) where such Senior Secured Indebtedness or Additional Bonds are issued or incurred to provide all or any part of the money required to acquire or construct revenue producing properties there may be included in the calculation of such Net Cash Flow an amount equal to the Net Cash Flow of such revenue producing properties as estimated by an Appraiser and by a Company Certificate for a period of twelve consecutive calendar months in which they will be revenue producing, except that where such estimated Net Cash Flow is to be from revenue producing property under construction or to be improved by construction the Company shall not issue or become liable on such Senior Secured Indebtedness or Additional Bonds until the Company establishes to the satisfaction of the Trustee that the Company can meet all interest and mandatory capital repayments on all Secured Indebtedness to be outstanding after giving effect to such issue or incurrence of Senior Secured Indebtedness or Additional Bonds as well as for all operating charges and expenses of every character and all fixed charges of the Company to become payable prior to the end of the twelve month period in respect of which such estimated Net Cash Flow from such revenue producing properties is to be received.

F. Issue or incur any Additional Bonds or any Secured Indebtedness ranking *pari passu* with or subordinate to the Bonds:

(i) having a maturity date prior to June 1, 1993; and

(ii) where the aggregate amount payable in any year in respect to any such Secured Indebtedness ranking *pari passu* with or subordinate to the Bonds or Additional Bonds to meet serial maturities or principal payments or mandatory sinking fund payments shall be greater in proportion to the aggregate principal amount of such Secured Indebtedness or Additional Bonds to be outstanding in such year, than the proportion the principal amount of the mandatory sinking fund payments maturing in such year in respect of the Series A Bonds is of the principal amount of the Series A Bonds then outstanding. For the purpose of this clause F a sinking fund payment to retire a specified principal amount shall be deemed to be the principal amount to be so retired.

G. Lease all or substantially all of the properties of the Company to any other person or Company other than to a *bona fide* tenant who undertakes to occupy space therein on a rent paying basis.

H. Suffer to exist with respect to or on any of its property other than the Excluded Properties any mortgage, hypothec, pledge, charge or other encumbrance (other than Senior Secured Indebtedness, Purchase Money Mortgages, Permitted Mortgages, Permitted Encumbrances or Minor Title Defects) which is not subjected to the prior lien of this Trust Deed so that any and all of the said other encumbrances shall be and be expressed to be subordinate in right of payment of interest, premiums (if any) and principal and as to security to the fixed and specific charge on the Specifically Mortgaged Premises and to the first floating charge on all other assets and the undertaking of the Company, all in such manner that in the event of default hereunder the Trustee may exercise each and every of his recourses free of and without regard to such subordinate encumbrances.

I. Take any of the following actions, that is to say:

(i) declare or pay any dividends other than in shares of the Company on any of its shares at any time outstanding; or

(ii) redeem, reduce, purchase or otherwise pay off any of its shares at any time outstanding except out of the proceeds of any issue of shares made at any time after June 1, 1968 and made prior to or contemporaneously with any such redemption, reduction, purchase or payment; or

(iii) elect to pay any tax on undistributed income under the provisions of Section 105 of the Income Tax Act (Revised Statutes of Canada 1952, Chapter 148) as now enacted or as the same may from time to time be amended or re-enacted or elect to pay any tax under any similar provisions; or

(iv) pay interest on or redeem or purchase for cancellation or otherwise pay off other than by conversion into shares any Indebtedness which is subordinate to the Bonds other than Indebtedness payable on demand or on a date or dates within twelve months calculated from the date any such Indebtedness is incurred;

if upon giving effect to such action either (a) the Company would be prohibited from issuing any additional Indebtedness by the test prescribed by paragraph D of this Section or (b) the Company would be prohibited from issuing any additional Secured Indebtedness by the test prescribed by paragraph E of this Section.

2. Any calculation to be made as a condition precedent to any action contemplated by paragraph 1 above may be made at a date not more than 120 days prior to the date of such contemplated action, provided a Company Certificate dated the date of such action and in form and substance satisfactory to the Trustee shall be given to the Trustee and attesting that subsequent to the date of such calculation no action or event has occurred which would materially and adversely affect the results of such calculation.

3. For the purposes of any calculation to be made as a condition precedent to any action contemplated by paragraph 1 above, any Indebtedness outstanding at the time of such action shall be deemed not to be outstanding provided such Indebtedness is to be retired within two months of such action being taken and further provided that at the time of or prior to the taking of such action either (i) monies sufficient for such retirement are deposited with the Trustee, or (ii) arrangements satisfactory to the Trustee for the retirement of such debt shall have been made with the Trustee.

Exceptions

The Trust Deed will further provide that notwithstanding anything contained in paragraph 1 above and by exception thereto, nothing therein contained shall prohibit or restrict the Company's right to take any of the following actions:

A. To borrow money or incur Indebtedness, other than Secured Indebtedness the principal amount whereof shall be payable on demand or on a date or dates within twelve months calculated from the date any such Indebtedness is incurred;

B. To issue or incur Senior Secured Indebtedness or Additional Bonds provided:

(i) such Indebtedness shall be payable on demand or on a date or dates within twelve months calculated from the date any such Indebtedness is incurred; and

(ii) such Indebtedness shall be owing to a Canadian Chartered Bank, a bank qualified under the Federal Reserve Act of the United States of America or a trust company registered and qualified to do business in Canada or any Province thereof and having a paid up capital and surplus in excess of $1,000,000; and

(iii) the proceeds of such Indebtedness are employed to pay all or a part of the cost of property or improvements to property and made part of the Specifically Mortgaged Premises and whether Additional Property or other property, or partly for such property and partly to meet interest and mandatory capital repayments on Secured Indebtedness as provided in item (ii) of sub-paragraph E of paragraph 1 above; and

(iv) the tests prescribed by paragraphs D and E of paragraph 1 above are complied with with respect of such Indebtedness.

C. To issue or incur Purchase Money Mortgages, provided the Company shall not incur any Indebtedness on any such Purchase Money Mortgage unless the test prescribed by paragraph E hereof is complied with with respect to such Indebtedness as if such Indebtedness were Senior Secured Indebtedness or Additional Bonds;

D. To issue or incur Permitted Mortgages;

E. To suffer to exist Permitted Encumbrances; and

F. To suffer to exist Minor Title Defects.

Definitions

The Trust Deed will contain a number of definitions of words and phrases used above, including definitions to the following effect:

"Additional Property" means improvements to the Developed Property.

"Appraised Value" means the value determined by an Appraiser.

"Appraiser" means an independent appraiser who is a qualified member in good standing of a recognized Real Estate Board or other professional association or real estate appraiser who is selected by the Company and is approved by the Trustee.

"Developed Property" means the Stage I, Stage II and Stage III Land and the Stage I, Stage II and Stage III improvements to such land.

"Fair Value" means (i) in the case of land and improvements to land the Appraised Value thereof, and (ii) in the case of leasehold property, the Appraised Value thereof as leasehold property and (iii) in the case of improvements to leasehold, the lesser of the Appraised Value minus the value of any residual interest subject to abandonment on termination of the lease.

"Indebtedness" means indebtedness for money borrowed, whether directly or indirectly, and includes any liability, contingent or otherwise, in respect of any guarantee of any indebtedness of any person, firm or company and includes indebtedness on the Bonds.

"Net Cash Flow" means the gross earnings and income of the Company from all sources less all administrative, selling, renting and operating charges and expenses of every character and all fixed charges of the Company other than taxes on income, interest on Senior Secured Indebtedness and Bonds, depreciation, amortization and capital cost allowances and payments by the Company under any plan for the sharing of profits with employees (but excluding gains or losses on the disposal of investments and fixed assets), the whole arrived at in the application of generally accepted accounting practice; without limiting the generality of the foregoing, operating charges and expenses shall include insurance, maintenance, repairs, renewals, rentals, licenses, taxes (other than taxes on income), interest (other than interest on Senior Secured Indebtedness and interest not due within twelve months on Indebtedness) any amount payable on any Indebtedness on demand or on a date or dates within twelve months calculated from the date any such Indebtedness is incurred (other than Indebtedness owing to a Canadian Chartered Bank, a bank qualified under the Federal Reserve Act of the United States of America or a trust company registered and qualified to do business in Canada or in any Province thereof and having a paid up capital or surplus in excess of $1,000,000), and shall include such provisions or allowances for bad and doubtful debts as the Directors in their discretion with the approval of the Auditors may determine.

"Net Tangible Assets" means the total Tangible Assets of the Company less total liabilities of the Company; "liabilities" as used in this definition means all liabilities of the Company excluding liabilities in respect of issued capital, surplus or reserves (to the extent not required to be treated as liabilities in the application of generally accepted accounting practice) and further excluding liabilities for the interest, principal, premium, if any, not yet due or not to become due within twelve months in respect of any Bonds and Indebtedness and further excluding any deferred credit in respect of or any provision for deferred taxes on income; the whole calculated in the application of generally accepted accounting practice; contingent liabilities shall likewise be excluded except to such extent, if any, as the directors in their discretion shall determine that special provision should be made in the accounts for meeting such contingent liabilities.

"Net Tangible Assets Available for the Bonds" means Net Tangible Assets of the Company less Senior Secured Indebtedness.

"Permitted Mortgages" means (i) any and all charges on the Excluded Properties, (ii) either the charge of a Trust Deed providing for the issue of bonds to be placed with a Canadian Chartered Bank to secure indebtedness incurred to defray the construction cost of Stage II and of Stage III, estimated as

$14,500,000, and constituting a charge on the Stage II Land and the Stage III Land, an assignment of rents from such land and a floating charge on all assets of the Company, or the charge of the Trust Deed to secure long term indebtedness consisting of first mortgage Bonds to be issued in an amount not in excess of $12,000,000, constituting a first charge on the Stage II Land and Stage III land, an assignment of rents from such Land and a floating charge on the assets of the Company employed in connection with such lands, and (iii) the charge on the Stage I Land in favour of Montreal Trust Company in the principal amount of $2,250,000 and registered on June 27, 1968 in book 2248 at page number 942 *et sequi*, and as used in this definition the term "charge" shall include mortgage, hypothec, charge, lien, vendor's privilege, reservation of title or other encumbrance affecting the real and immoveable property referred to in this definition together with all buildings, erections, fixtures, fixed plant, fixed machinery and fixed equipment constructed or brought or placed thereon or used in connection therewith and all rights-of-way, easement, franchises and privileges appurtenant thereto, and references to registration in this definition shall mean registration at the office of Registrar of Deeds at Halifax, in the County of Halifax, in the Province of Nova Scotia.

"Purchase Money Mortgage" means (i) any mortgage, hypothec, charge, lien, vendor's privilege, reservation of title or other encumbrance on property which was assumed, created, granted or reserved to secure all or any part of the purchase price of such property or money borrowed to pay all or any part of such purchase price or any mortgage, lien, privilege or other encumbrance existing thereon at the time of the acquisition of such property; (ii) any extensions, renewals or refundings of any such mortgage, hypothec, privilege, lien or other encumbrance, provided that the principal amount of the indebtedness secured thereby outstanding on the date of such extension, renewal or refunding is not increased; and (iii) amounts secured by conditional sales or other title retention agreements; provided, however, that where the interest of the Company in any property affected by a Purchase Money Mortgage is less than full ownership, the amount of such Purchase Money Mortgage shall be deemed to be the greater of (a) the same percentage of such Purchase Money Mortgage as the interest of the Company in such property affected thereby is of the whole, or (b) the amount of the personal liability of the Company with respect to such Purchase Money Mortgage.

"Senior Secured Indebtedness" means Secured Indebtedness ranking as to payment or security in priority to the Bonds.

"Secured Indebtedness" means Indebtedness secured by mortgage, hypothec, charge, lien, vendor's privilege, reservation of title or other encumbrance, and shall include Indebtedness secured on property acquired under and subject to a conditional sale or other title retention agreement or acquired under lease if such property is included in Tangible Assets of the Company or is subjected to the Specific Lien of the Trust Deed.

"Specifically Mortgaged Premises" means and includes all the property, real and personal, moveable and immoveable, rights and assets expressed in this trust deed or in any deed or other instrument supplemental hereto to be subject to the specific lien hereof or intended so to be for and with the payment of the moneys intended to be hereby secured and all other property and assets from time to time and for the time being mortgaged, hypothecated, pledged and charged by way of a fixed and specific mortgage, hypothec, pledge and charge for the payment of the moneys intended to be hereby secured.

"Tangible Assets" means the Fair Value of land, buildings, plant, equipment other than the Excluded Properties and all other physical assets and all current assets and all other assets appearing on a balance sheet of the Company prepared in the application of generally accepted accounting practice, excluding the amount of all investments (including notes, mortgages, advances and other amounts receivable which are not current assets), and further excluding advances or loans to subsidiaries and further excluding the amount, if any, at which goodwill, trade marks, trade mark rights, trade names, trade name rights, copyrights, patents, patent rights and patent licences and other similar intangible assets and unamortized debt discount and expense appear on the asset side of such balance sheet and further excluding all monies required to retire any Indebtedness which is deemed not to be outstanding under the provisions hereof.

Schedule B

Statutory Information

(*under the Companies Act of Nova Scotia*)

(a) The chief objects of the Company contained in its Memorandum of Association for the performance of which the Company is formed are:

(1) To acquire by purchase, exchange, lease or otherwise and to hold, own, operate, develop, deal in, sell or otherwise dispose of all kinds of real or personal property or choses in action, or any interest or rights in, to, or connected therewith.

(2) To acquire by purchase, lease, exchange or otherwise real property or any estate or interest therein, any rights over or connected with land and any buildings or structures, and to turn the same to account or to deal with the same in any way that may seem expedient to the directors of the Company, and in particular, but not so as to limit the generality of the foregoing, by constructing, re-constructing, altering, improving, decorating, furnishing, operating, managing and maintaining buildings or works of any kind, and by consolidating, connecting or subdividing properties and by selling, leasing, exchanging, mortgaging, or otherwise disposing of the whole or any portion of such real property and all or any of the buildings, structures or works that are now or may hereafter be erected thereon, and to take security, therefore, as may be deemed necessary.

The names, descriptions and addresses of the signatories to the Memorandum of Association of the Company, and the number of shares subscribed for by them respectively are Joseph Michael Pelrine, 607C Brentwood Park, Halifax, Nova Scotia, Barrister-at-Law, one share; Marilyn Grace Martin, 36 Springvale Avenue, Armdale, Halifax County, Nova Scotia. Secretary, one share; and Leonard Arthur Kitz, 94 Granville Street, Halifax, Nova Scotia, Barrister-at-Law, one share.

(b) No shares in the capital stock of the Company have been issued for property acquired by the Company.

(c) One share in the Company of a class entitled to vote at general meetings of the Company is fixed by the Articles of Association of the Company as a qualification of a Director. The Provisions in the Articles of Association of the Company as to the remuneration of Directors is as follows:

"105. The Directors shall be paid out of the funds of the Company by way of remuneration for their services such sums, if any, as the Company in general meeting may determine and such remuneration shall be divided among them in such proportions and manner as the directors may determine; the directors may also be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attendance at board meetings and otherwise in the execution of their duties as directors."

(d) No minimum amount, in the opinion of the Directors, must be raised by the issue of shares offered by this Prospectus in order to provide the sums or the balance of the sums, required to be provided for the purchase price of any property purchased or to be purchased, any preliminary expenses payable by the Company, any commission payable by the Company to any person in consideration of his agreeing to subscribe for or his procuring or agreeing to procure subscriptions for, any shares in the Company, the repayment of any monies borrowed by the Company in respect of any of the foregoing matters or working capital except to the extent described on page 4 of this prospectus under the heading "Use of Proceeds."

(e) The names, descriptions and addresses of the Directors of the Company are set out on pages 13 and 14 of this prospectus.

(f) No amount is payable to the Company on application and allotment on the shares offered by this prospectus. The Company will receive from the underwriters in respect of the 300,000 shares offered by the prospectus the sum of $300,000 in cash. No shares in the Company have previously been offered

for subscription to the public. Since its incorporation a total of 575,010 shares have been allotted from time to time at the subscription price of $1.00 per share. All such subscriptions have been paid in cash and all such shares are fully paid and non-assessable.

(g) No shares, debentures or bonds of the Company have been issued or agreed to be issued within the two preceding years as fully or partly paid-up otherwise than in cash except the securities referred to in Note 5 to the Capitalization on page 4.

(h) and (i) No property has been purchased or acquired by the Company, or is proposed to be purchased or acquired, the purchase price of which is to be paid or defrayed in whole or in part out of the proceeds of the issue offered for subscription by this prospectus or which has been paid, or is to be paid, in whole or in part in shares, debentures or bonds of the Company, or the purchase or acquisition of which has not been completed at the date of issue of this prospectus.

(j) No amount has been paid within the two years preceding the date hereof or is payable as commission by the Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any shares, or debentures or bonds of this Company other than the shares, commissions or discounts referred to in that agreement described on page 5 of this prospectus under the heading "Plan of Distribution", except as to the commission of $10,000.00 payable to Royal Securities Corporation Ltd. and referred to in paragraph (t) of Page 16 of this Prospectus under the heading "Material Contracts" and a discount of 16% on the sale of the 8% General Mortgage Sinking Funds Bonds offered by this Prospectus.

(k) The Company has carried on business for more than one year prior to the date of this prospectus.

(l) No amount has been paid within the two years preceding the date hereof or is intended to be paid to any promoter.

(m) The dates of and the parties to and the general nature of every material contract entered into by the Company within the two years preceding the date hereof other than contracts entered into in the ordinary course of business carried on by the Company are set out on page 15 of this prospectus under the heading "Material Contracts".

(n) The auditors of the Company are Price Waterhouse & Co. Chartered Accountants of 5435 Spring Garden Road, Halifax, Nova Scotia.

(o) The Company does not propose to acquire any property in which any Director has an interest. No sums have been paid or agreed to be paid to any Director, or to any firm in which he is a partner in cash or shares or otherwise to induce to become, or to qualify him as a Director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company. Except for professional fees payable to Kitz, Matheson & Brown (of which Leonard A. Kitz is a partner) on the incorporation and corporate organization of the Company.

(p) The authorized capital of the Company is 4,000,000 common shares without nominal or par value. No class of shares other than common shares are authorized for issue by the Company.

(q) The Company has carried on business since 1965.

(r) No accounts with respect to profits of the Company have been made up. No dividends have been paid in respect of any of the shares of the Company.

Certificates

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick), and there is no further material information applicable other than in the financial statements or other reports where required or exigible.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder.

Dated July 30, 1968

Chief Executive Officer	Chief Financial Officer
(Signed) CHAS. E. MACCULLOCH	(Signed) A. R. HARRINGTON
President	Vice-President—Finance

On behalf of the Board of Directors:

Director	Director
(Signed) JOHN C. MACKEEN	(Signed) A. R. HARRINGTON
(Signed) SIDNEY C. OLAND	(Signed) CHAS. E. MACCULLOCH
(Signed) L. A. KITZ	
FRANK HOYSE SOBEY by (Signed) CHAS. E. MACCULLOCH his attorney	HAROLD PALMATARY CONNOR by (Signed) CHAS. E. MACCULLOCH his attorney
ROY ADELBERT JODREY by (Signed) A. R. HARRINGTON his attorney	MALCOLM HUGH DEES MCALPINE by (Signed) CHAS. E. MACCULLOCH his attorney
JOHN HUGH MOWBRAY JONES by (Signed) A. R. HARRINGTON his attorney	

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatch-

ewan) and the regulations thereunder, by the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick), and there is no further material information applicable other than in the financial statements or reports where required or exigible.

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder.

Underwriters

ROYAL SECURITIES CORPORATION LIMITED

by (Signed) IVAN A. MARTIN

RICHARDSON SECURITIES OF CANADA

by (Signed) G. P. NARES

BURNS BROS. AND DENTON LIMITED

by (Signed) M. F. WETMORE

EASTERN SECURITIES COMPANY LIMITED

by (Signed) R. B. STEWART

The following includes the names of all individuals having an interest of 5% or more in the capital of Royal Securities Corporation Limited: Alan S. Gordon, F. L. Glasgow, Ivan A. Martin, G. C. Stewart, J. R. Hughes, Harold Braff and Estate of G. W. W. Ross; and in the capital of Richardson Securities of Canada: James A. Richardson and George T. Richardson; and in the capital of Burns Bros. and Denton Limited: C. F. W. Burns, L. C. Burns, E. S. Miles and D. E. Boxer; and in the capital of Eastern Securities Company Limited: George T. Richardson.